

**BY E-LODGEMENT**

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10 July 2020

Dear Sir/Madam

**Off-market takeover bid by Habrok (Alto) Pty Limited for Alto Metals Limited – Bidder's statement**

We act for Habrok (Alto) Pty Limited ACN 640 780 589 (**Habrok**).

We attach, by way of service pursuant to item 5 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of the Habrok's bidder's statement in relation to Habrok's off-market takeover bid for all of the ordinary shares and options in Alto Metals Limited ACN 159 819 173 (**Alto**).

Habrok has set 7.00pm (Sydney time) on 15 July 2020 as the time and date for determining the persons to whom information is to be sent in accordance with section 633(2) of the Corporations Act in relation to the takeover bid.

In accordance with Rules 5.13.1 and 5.14.1 of the *ASIC Market Integrity Rules (Securities Market) 2017* and the Corporations Act, Habrok advises that it may seek to acquire Alto shares on-market at or below the price under its share offer during the offer period.

The bidder's statement was lodged with the Australian Securities & Investments Commission and served on Alto earlier today.

Yours faithfully



**Michael Parshall**  
Partner



**James Nicholls**  
Counsel

# Bidder's Statement

# ACCEPT

# THE OFFERS

by: Habrok (Alto) Pty Limited ACN 640 780 589

to purchase: all of your ordinary shares and options in Alto Metals Limited ACN 159 819 173

for a price of:

- \$0.066 cash per Alto Share
- a cash amount for each Alto Option as set out in the Bidder's Statement

**To accept these Offers you must follow the instructions in the manner described in this Bidder's Statement**

The Offer closes at 7.00pm (Sydney time) on [●] 2020, unless extended

**This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your financial, legal or other professional adviser as soon as possible.**

Financial Adviser



Legal Adviser

**ALLEN & OVERY**

## Important notices

### Purpose of this Bidder's Statement

This document is a bidder's statement issued by Habrok (Alto) Pty Limited to shareholders and optionholders in Alto Metals Limited under Part 6.5 of the Corporations Act. This Bidder's Statement is dated 10 July 2020 and includes a Share Offer and an Option Offer. This Bidder's Statement describes the terms of the Offers made by Habrok and contains certain disclosures required by the Corporations Act. You should read this Bidder's Statement in its entirety before deciding whether or not to accept the relevant Offer.

### Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Bidder's Statement have the defined meanings set out in section 13. Section 13 also contains rules of interpretation that apply to this Bidder's Statement.

### Investment decisions

This Bidder's Statement does not constitute financial product advice and has been prepared without reference to your individual investment objectives, financial situation or other circumstances. This Bidder's Statement should not be relied upon as the sole basis for any decision as to whether or not to accept the relevant Offer and you should consider seeking independent financial, legal or other professional advice before making any such investment decision.

### Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. Forward looking statements may generally be identified by the use of forward looking verbs such as aim, anticipate, believe, estimate, expect, foresee, intend or plan, by words denoting uncertainty such as likely, may, potential or should, or by derived or similar words. Similarly, statements that describe the expectations, objectives, plans or targets of Habrok or Alto may be forward looking statements.

The assumptions and expectations on which forward looking statements are based are subject to a number of risks and uncertainties that could cause

the actual outcomes, and the actual performance or results of Habrok or Alto to be materially different from the outcomes, or the performance or results of Habrok or Alto, expressed in, or implied by, such statements. These risks and uncertainties include among other things, general economic conditions, changes in law, regulation or government policy, the impact of increased competition and certain other operational and financial risks and uncertainties associated with carrying on business in the industries in which Habrok and Alto operate. All forward looking statements should be read in light of such risks and uncertainties.

None of Habrok and its officers, employees and advisers makes any representation or warranty that any outcome, performance, or result expressed in or implied by any forward looking statement in this Bidder's Statement will actually occur. You should treat all forward looking statements with caution and not place undue reliance on them.

Any forward looking statements in this Bidder's Statement reflect the assumptions and expectations of Habrok as at the date of this Bidder's Statement. Except as required by law, Habrok and its officers, employees and advisers disclaim any obligation to revise or update any forward looking statements after the date of this Bidder's Statement to reflect any change in the assumptions or expectations on which those statements are based.

### Information about Alto

Habrok has prepared the information on Alto, Alto securities and the Alto Group contained in this Bidder's Statement from publicly available information. This information has not been independently verified by Habrok. Accordingly, subject to the Corporations Act, Habrok makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it.

Further information relating to Alto, Alto securities and the Alto Group may be included in the Target's Statement which Alto must provide in response to this Bidder's Statement.

### Role of ASIC

A copy of this Bidder's Statement was lodged with ASIC on 10 July 2020. Neither ASIC nor any of its

officers takes any responsibility for the contents of this Bidder's Statement.

### **Notices to persons outside Australia**

This Bidder's Statement has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may be different from those in other countries.

The distribution of this Bidder's Statement in some countries may be restricted by law or regulation. If you receive this Bidder's Statement outside Australia you should inform yourself of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

If you are not an Australian resident taxpayer or are liable for tax outside Australia you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offer.

### **Privacy and personal information**

Habrok has collected your personal information from the Alto Registers for the purpose of making the Offers and, if the Offers are successful, for the purpose of administering acceptances of the Offers in respect of your Alto Shares and Alto Options. The Corporations Act requires the names and addresses of securityholders to be held in a public register. The personal information collected includes the names and addresses of Alto Shareholders and Alto Optionholders and details of their holdings of Alto Shares or Alto Options. This personal information may be disclosed to professional advisers, printers, mailing houses and other organisations providing services to Habrok in connection with the Offers, to other members of Habrok Group, and to ASIC and other regulatory authorities.

Individuals in respect of whom personal information is collected have certain rights to access that personal information. The registered office of Habrok is located at 7/17 Castlereagh Street, Sydney NSW 2000.

### **Effect of rounding**

Certain amounts or figures in this Bidder's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these amounts or figures

may differ from the amounts or figures set out in this Bidder's Statement.

### **Diagrams and data in charts, graphs and tables**

Diagrams appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless otherwise indicated, all data contained in charts, graphs and tables is based on information current at the date of this Bidder's Statement.

### **References to currency**

Unless otherwise indicated, all references to \$, A\$, dollars or cents in this Bidder's Statement are to Australian currency.

### **References to time**

Unless otherwise indicated, all references to time in this Bidder's Statement are to the time in Sydney, Australia.

### **Websites**

Alto maintains a website at <http://www.altometals.com.au>. Any references to this and any other websites are for information only and no material contained on any such website forms part of this Bidder's Statement.

### **Further questions**

If you have any questions in relation to the Offers, please contact your broker or legal, financial or professional adviser.

### **Date of this Bidder's Statement**

This Bidder's Statement is dated 10 July 2020.

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## Key dates

Announcement Date	22 May 2020
Date of this Bidder's Statement	10 July 2020
Offer Period for the Share Offer officially commences	[●] 2020
Offer Period for the Option Offer officially commences	[●] 2020
Offer Period for the Offers ends (unless extended or withdrawn)	7.00 pm (Sydney time) on [●] 2020

## How to accept the Share Offer

You may only accept the Share Offer in respect of all of your Alto Shares. Acceptances must be received before the end of the Offer Period. Depending on the nature of your holding, you may accept the Share Offer in the following ways:

<b>Issuer Sponsored Holdings (you have a Securityholder Reference Number starting with the letter I)</b>	If you hold your Alto Shares in an Issuer Sponsored Holding, complete and sign the Share Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form, and send it to the address set out on the form so it is received before the end of the Offer Period.
<b>CHESS Holdings (you have a Holder Identification Number starting with the letter X)</b>	<p>If your Alto Shares are held in a CHESS Holding, to accept the Share Offer you must either:</p> <ul style="list-style-type: none"> <li>• instruct your Controlling Participant (usually your broker) to accept the Share Offer on your behalf before the end of the Offer Period; or</li> <li>• complete and sign the Share Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form. This will authorise Habrok to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Share Offer on your behalf. For return of the Share Acceptance Form to be an effective acceptance of the Share Offer, you must ensure it is received by Habrok in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period,</li> </ul> <p>and you must comply with any other applicable ASX Settlement Operating Rules.</p>
<b>Controlling Participants</b>	If you are a Participant, acceptance of the Share Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

## Postal and delivery addresses for completed Share Acceptance Forms

<b>By post:</b>	Habrok (Alto) Pty Limited GPO BOX 3993 Sydney NSW 2001
<b>By hand:</b>	Level 12, 225 George Street, Sydney NSW 2000  In accordance with the general protocols in place in relation to COVID-19 and in light of the restrictions in place in respect of access to buildings in the Sydney CBD, it is highly recommended that acceptances are returned by post

## Payment

If you accept the Share Offer, you will be paid on the earlier of:

- one month after your acceptance; and
- 21 days after the close of the Offer Period.

You may also sell your Alto Shares on-market, but by selling your Alto Shares on-market you will not be entitled to the benefit of any price increase under the Share Offer (in the event that Habrok determines to increase the Share Offer Price) and you may be charged brokerage fees (plus any applicable GST).

## How to accept the Option Offer

You may only accept the Option Offer in respect of all of your Alto Options. Acceptances must be received before the end of the Offer Period.

To accept the Option Offer, you must complete and sign the Option Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the Option Acceptance Form so it is received before the Option Offer closes.

### Postal and delivery addresses for completed Option Offer Acceptance Forms

<b>By post:</b>	Habrok (Alto) Pty Limited GPO BOX 3993 Sydney NSW 2001
<b>By hand:</b>	Level 12, 225 George Street, Sydney NSW 2000  In accordance with the general protocols in place in relation to COVID-19 and in light of the restrictions in place in respect of access to buildings in the Sydney CBD, it is highly recommended that acceptances are returned by post

### Payment

If you accept the Option Offer, and the Option Offer is or becomes unconditional, you will be paid on the earlier of:

- one month after you accept the Option Offer, or one month after the condition has been satisfied or waived (whichever is the later); and
- 21 days after the close of the Offer Period.

# 1. Letter to Alto Shareholders and Alto Optionholders

10 July 2020

Dear Alto Shareholders and Alto Optionholders,

## Offer for your Alto Shares and Alto Options

I am pleased to present you with the Offers to acquire:

- under the Share Offer, all of your Alto Shares for \$0.066 cash per Alto Share, the Share Offer Price, by way of an **unconditional** off-market offer, which delivers you certain and immediate value for your Alto Shares; and
- under the Option Offer, all of your Alto Options for cash consideration based on a Black-Scholes valuation by way of an off-market offer.

Our Offers represent the only announced takeover bids for Alto Shares and Alto Options, as the Goldsea takeover bids lapsed on 8 July 2020.

## Our Unconditional Share Offer

The all-cash consideration being offered by Habrok represents a substantial premium to the level at which the Alto Shares were trading prior to the initial takeover approach by Goldsea on 21 February 2020.

The Share Offer Price of \$0.066 per Alto Share represents a premium of:

- 4.8% to the closing price of \$0.063 per Alto Share on 21 May 2020, being the last practicable Trading Day prior to the Announcement Date;
- 106.3% to \$0.032, the last closing price of Alto's Shares on 20 February 2020, being the undisturbed last Trading Day prior to the announcement of Goldsea's intention to make an all-cash off-market takeover of Alto;
- 94.7% to \$0.034, the one-month VWAP of Alto Shares up to 20 February 2020;
- 88.6% to \$0.035, the three-month VWAP of Alto Shares on ASX up to 20 February 2020; and
- 85.4% to \$0.036, the six-month VWAP of Alto Shares on ASX up to 20 February 2020.

Our Share Offer is **unconditional** and provides certain value for your Alto Shares.

To participate in the Share Offer, please follow the instructions set out in this Bidder's Statement and on the accompanying Share Acceptance Form.

As the Share Offer is unconditional, from the date of this Bidder's Statement Habrok also intends to offer to acquire your Alto Shares on the ASX at or below the Share Offer Price from time to time.

Habrok currently has a relevant interest in 12.55% of Alto Shares.



## Option Offer

The Option Offer is an all-cash offer which will enable to you realise the value of your Alto Options through cash payments.

The Option Offer is **conditional** on Habrok obtaining a relevant interest in at least 50.1% of Alto Shares.

## Further information

Full details of the Offers, the reasons you should accept and instructions on how to accept are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement in its entirety and to promptly accept the Offers in accordance with the method prescribed in this Bidder's Statement.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Hall', with a stylized flourish at the end.

**Russel Hall**  
Director  
Habrok (Alto) Pty Ltd

## 2. Why you should accept the Offers

1.	The Share Offer represents an attractive premium to the trading price of Alto Shares prior to the announcement of the Goldsea Offers and to historical trading levels
2.	The Share Offer is unconditional, with all-cash consideration providing certainty and immediate value for your Alto Shares
3.	Alto's Share price may fall after the Offer Period
4.	The Offers remove exposure to the risks and uncertainties associated with a continued investment in Alto
5.	The liquidity of your Alto Shares is already low and may diminish further as a result of other Alto Shareholders accepting the Offer
6.	The Option Offer provides an opportunity to realise value for your Alto Options in circumstances where there is otherwise no market for the Alto Options
7.	There is no brokerage or stamp duty incurred in accepting the Offers

**Alternatively, you may wish to sell your Alto Shares on-market but you may be charged brokerage fees (plus any applicable GST). If Habrok acquires your Alto Shares on-market you will not be entitled to the benefit of any price increase under the Share Offer, in the event that Habrok determines to increase the Share Offer Price.**

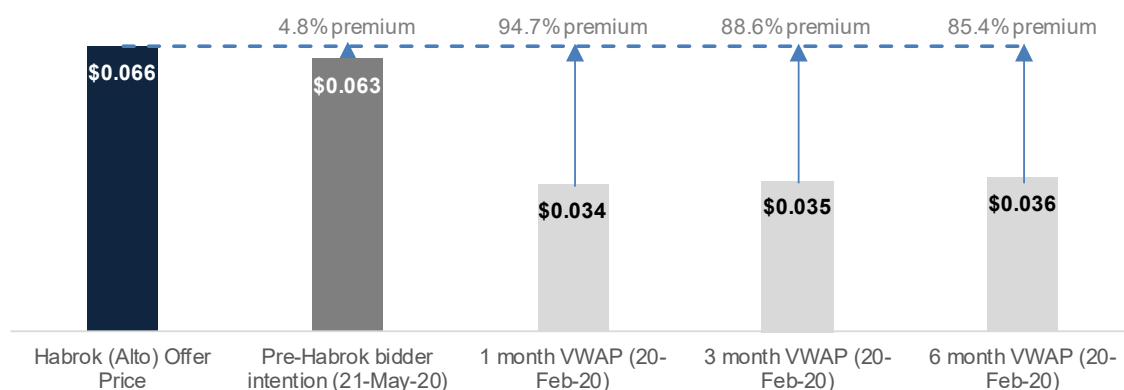
## 1. The Share Offer Price of \$0.066 per Alto Share represents an attractive premium to the trading price of Alto Shares prior to announcement of the Goldsea Offers and historical trading levels

The all-cash consideration being offered by Habrok represents a substantial premium to the level at which the Alto Shares were trading prior to the initial takeover approach by Goldsea on 21 February 2020.

Habrok's Share Offer Price of \$0.066 cash per Alto Share represents a premium of:

- 4.8% to the closing price of \$0.063 per Alto Share, being the last practicable Trading Day prior to the announcement of the Offers;
- 106.3% to \$0.032, the last closing price of Alto's Shares on 20 February 2020, being the undisturbed last Trading Day prior to the announcement of Goldsea's intention to make an all-cash off-market takeover bid for Alto;
- 94.7% to \$0.034, the one-month VWAP of Alto Shares up to 20 February 2020;
- 88.6% to \$0.035, the three-month VWAP of Alto Shares on ASX up to 20 February 2020; and
- 85.4% to \$0.036, the six-month VWAP of Alto Shares on ASX up to 20 February 2020.

Figure 1: Share Offer Price premium relative to recent trading prices



Source: IRESS Limited. As permitted by ASIC Class Order 07/429, this chart contains ASX share price trading information sourced from IRESS Limited without its consent.

## 2. The Share Offer is unconditional, with all-cash consideration providing certainty and immediate value for your Alto Shares

The Share Offer is to acquire your Alto Shares on a 100 per cent cash consideration basis. By accepting the Share Offer, you will be paid \$0.066 per Alto Share that you hold.

If you accept the Share Offer, you will be paid within the earlier of one month of your acceptance and 21 days after the close of the Offer Period.

As the Share Offer is unconditional, on and from the date of this Bidder's Statement, Habrok intends to seek to acquire any Alto Shares on the ASX at or below the Share Offer Price, from time to time.

### **3. Alto Share price may fall after the expiry of the Offer Period**

The Share Offer is at an attractive premium to the historical trading prices of the Alto Shares prior to the announcement of Goldsea's intention to make an all-cash off-market takeover of Alto.

As a result, following the close of the Share Offer if no alternative transaction is proposed, the price of Alto Shares may fall significantly and trade at a material discount to the Share Offer Price (although there is no assurance this will occur).

### **4. The Offers remove exposure to the risks and uncertainties associated with a continued investment in Alto**

The certainty of the cash offers should be compared against the uncertainties of, and risks associated with, remaining an Alto Shareholder or Alto Optionholder. As an Alto Shareholder (including as a consequence of exercising Alto Options) you are subject to a number of risks, including but not limited to:

- the uncertain future market price of Alto Shares;
- the lack of diversification of Alto's asset portfolio;
- the likely need for Alto to conduct a capital raising in order to fund future exploration and project development activities; if Alto Shareholders do not accept the Offer, Alto Shareholders may need to participate in any equity raise to avoid dilution of their respective shareholdings; and
- the limited liquidity of Alto Shares, which may impact the ability for Alto Shareholders to sell their Alto Shares in the future if they choose not to accept the Offer.

If you accept the Offers, you will be paid cash for your Alto Shares and/or Alto Options, and will no longer be exposed to the risks that could affect the trading price of Alto Shares.

### **5. The liquidity of your Alto Shares is already low and may diminish further as a result of other Alto Shareholders accepting the Offer**

The Share Offer will allow you to dispose of all of your Alto Shares and to realise certain value for those Alto Shares. In the absence of the Share Offer, there is no guarantee that Alto Shareholders would be able to liquidate all of their shareholding in a single transaction. The Share Offer provides you with an opportunity to dispose of all your Alto Shares in a single transaction for certain cash value.

### **6. The Option Offer provides an opportunity to realise value for your Alto Options in circumstances where there is otherwise no market for the Alto Options**

The Option Offer allows Alto Optionholders to realise value for their Alto Options in circumstances where there is otherwise no market for the Alto Options.

If Alto Optionholders do not accept the Option Offer, they would need to exercise their Alto Options in order to sell their securities.

## **7. No brokerage or stamp duty is incurred in accepting the Offers**

You will not be obliged to pay any stamp duty on the Offers if you accept the Offers or if you sell your Alto Shares on the ASX.

If your Alto Shares are registered in an Issuer Sponsored Holding, you will not incur any brokerage fees in accepting the Share Offer. Similarly no brokerage fees will apply in respect of any acceptance of an Option Offer by an Alto Optionholder.

If your Alto Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Alto Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Share Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Share Offer.

### 3. Summary of the Offers

This section provides a summary of the Offers and refers you to other sections of this Bidder's Statement where you will find more information on the subjects mentioned. This section does not provide all information that may be relevant. You should read this Bidder's Statement in full before deciding whether or not to accept the Offers.

<b>What is this Bidder's Statement?</b>	This Bidder's Statement was prepared by Habrok for distribution to Alto Shareholders and Alto Optionholders. It contains information about the Offers and other information relevant to your decision whether to accept these Offers.
<b>What is the Share Offer?</b>	<p>Habrok is making an off-market, unconditional cash offer to acquire your Alto Shares for \$0.066 per Alto Share, on the terms set out in this Bidder's Statement.</p> <p>You may accept this Share Offer in respect of all of your Alto Shares for cash consideration at the Share Offer Price in accordance with the instructions on the Share Acceptance Form enclosed with this Bidder's Statement.</p> <p>You may only accept this Share Offer in respect of all of your Alto Shares. This Share Offer extends to any Alto Shares that are issued during the Offer Period as a result of the exercise of Alto Options or conversion of Alto Performance Shares, which may then be sold pursuant to the Share Offer.</p>
<b>What is the Option Offer?</b>	<p>Habrok is also making an off-market, conditional cash offer to acquire your Alto Options on the terms set out in this Bidder's Statement.</p> <p>You may only accept this Option Offer in respect of all your Alto Options.</p> <p>The Option Offer consideration is to be determined based on a Black-Scholes valuation for a cash amount of each of your Alto Options reflecting the relevant class of Alto Options. Further details of this valuation method can be found in section 12.2.</p>
<b>Who is Habrok?</b>	<p>Habrok (Alto) Pty Limited is a company incorporated in New South Wales, Australia. Habrok is a wholly owned subsidiary of Habrok Mining, wholly owned by Ethele, which holds investments on behalf of potential beneficiaries including Simon and Gillian Raftery and their family. Simon is a director of Habrok Mining.</p> <p>Habrok was incorporated specifically for the purpose of acquiring an interest in Alto Shares, including those pursuant to the Offer.</p> <p>For further information on Habrok, please see section 4.</p>
<b>What choices do I have?</b>	<p>As an Alto Shareholder or Alto Optionholder, you have the following choices:</p> <ul style="list-style-type: none"> <li>• accept the relevant Offer for all of your Alto Shares or Alto Options (using the relevant acceptance form) and receive the all-cash offer consideration;</li> <li>• sell your Alto Shares on-market (unless you have previously accepted the Offers); or</li> <li>• do nothing.</li> </ul>
<b>When can I accept the Share Offer?</b>	You may accept the Share Offer during the Offer Period which commences on [●] 2020 and will finish at close of trading on [●] 2020 unless the Offer Period is extended or withdrawn in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.
<b>How do I accept the Share Offer?</b>	<p><b>You may only accept the Share Offer in respect of all of your Alto Shares.</b></p> <p>Depending on the nature of your holding, you may accept the Share Offer in the following ways:</p>

	<ul style="list-style-type: none"> <li>• <b>If you hold your Alto Shares in an Issuer Sponsored Holding</b>, complete and sign the Share Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form so it is received before the Share Offer closes.</li> <li>• <b>If you hold your Alto Shares in a CHES Holding</b>, complete and sign the Share Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form, so that it is received in sufficient time for your Controlling Participant to effect acceptance before the Share Offer closes or instruct your Controlling Participant (usually your broker) to accept the Share Offer on your behalf before the end of the Offer Period.</li> <li>• <b>If you are a Participant</b>, acceptance of the Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.</li> </ul> <p>Full details on how to accept the Share Offer are set out in section 11.3 of this Bidder's Statement.</p> <p>If you accept the Share Offer, you agree not to sell your Alto Shares to anyone else and you will not be able to sell your Alto Shares on-market.</p>
<p><b>Can I sell my Alto Shares on-market?</b></p>	<p>Yes, you may sell all, or some, of your Alto Shares on-market during the Share Offer Period.</p> <p>As the Share Offer is unconditional, Habrok intends to exercise its rights under item 2 of section 611 of the Corporations Act to acquire Alto Shares at or below the Share Offer Price from the Announcement Date until the end of the Offer Period.</p> <p>If you sell your Alto Shares on-market at the Share Offer Price, you will not be entitled to the benefit of any price increase under the Share Offer, in the event that Habrok determines to increase the Share Offer Price, and you may be charged brokerage fees (plus any applicable GST).</p>
<p><b>Can I sell part of my shareholding?</b></p>	<p>You cannot accept the Share Offer for only part of your Alto shareholding, although you may sell some or all of your Alto Shares on-market during the Offer Period and accept the Share offer for the balance of your Alto shareholding.</p>
<p><b>When can I accept the Option Offer?</b></p>	<p>The Option Offer may be accepted at any time during the Offer Period, in accordance with the instructions on the Option Acceptance Form.</p>
<p><b>How do I accept the Option Offer?</b></p>	<p><b>You may only accept the Option Offer in respect of all of your Alto Options.</b></p> <p>You may accept the Option Offer by following the instructions on the Option Acceptance Form. Your acceptance must be received before the Option Offer closes.</p> <p>Full details on how to accept the Option Offer are set out in section 12.4 of this Bidder's Statement.</p>
<p><b>If I am both an Alto Shareholder and Alto Optionholder, can I accept one Offer but not the other?</b></p>	<p>The Offers are mutually exclusive (which means if you are both an Alto Shareholder and Alto Optionholder, you can accept one Offer without accepting the other).</p>
<p><b>What if I already accepted the Goldsea Offers?</b></p>	<p>If you have already accepted the Goldsea Share Offer or Goldsea Option Offer (as applicable), your acceptance will become void and of no effect, and you will be free to accept this Share Offer or Option Offer, as a consequence of the Goldsea Offers lapsing at 7.00pm (AEST) on 8 July 2020.</p>

<b>What will I receive if I accept the Share Offer?</b>	The Offer is a full cash offer. If you accept the Offer, you will receive the Share Offer Price of \$0.066 for each of your Alto Shares.
<b>What will I receive if I accept the Option Offer?</b>	The Option Offer consideration is a cash amount for each of your Alto Options based on a Black-Scholes valuation of the relevant class of Alto Options. See section 12.2. You will only be paid that consideration if the Option Offer becomes unconditional.
<b>If I accept the Share Offer, when will I be paid?</b>	You will be paid within the earlier of one month of your acceptance and 21 days after the close of the Offer Bid.
<b>If I sell my Alto Shares on-market to Habrok, when will I be paid?</b>	<p>The usual rules for settlement of on-market transactions on ASX will apply in respect of Habrok's acquisition of your Alto Shares. This means that if you sell your Alto Shares on-market to Habrok, Habrok will pay you on a T+2 basis (being within two Trading Days after the date of your acceptance).</p> <p>If you sell your Alto Shares on-market at the Share Offer Price, you will not be entitled to the benefit of any price increase under the Share Offer, in the event that Habrok determines to increase the Share Offer Price, and you may be charged brokerage fees (plus any applicable GST).</p>
<b>If I accept the Option Offer, when will I be paid?</b>	<p>If you accept the Option Offer, and the Option Offer is or becomes unconditional, you will be paid on the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after you accept the Option Offer, or one month after the condition has been satisfied or waived (whichever is the later); and</li> <li>• 21 days after the close of the Offer Period.</li> </ul>
<b>Is the Share Offer subject to any conditions?</b>	No. The Share Offer is not subject to any conditions.
<b>Is the Option Offer subject to any conditions?</b>	Yes. The Option Offer is subject to the condition set out in section 12.8, requiring Habrok to obtain a relevant interest in at least 50.1% of Alto Shares before the end of the Offer Period.
<b>Will I need to pay stamp duty or brokerage if I accept the Offers?</b>	<p>If your Alto Shares are registered to an Issuer Sponsored Holding in your name and you deliver them directly to Habrok, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Share Offer.</p> <p>If your Alto Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Alto Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Share Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges (plus any applicable GST) in connection with acceptance of the Share Offer.</p> <p>You will not be obliged to pay stamp duty if you accept the Share Offer or the Option Offer or if you sell your Alto Shares on-market.</p>
<b>What are the tax consequences if I accept the Offer?</b>	A general summary of some Australian tax consequences of the Offers is set out in section 9. However, the tax consequences of accepting the Offers will depend on your own individual circumstances and you should consult your financial, legal or other professional adviser about the tax implications of accepting the Offers.



<p><b>What happens if I do not accept the Share Offer or Option Offer?</b></p>	<p>If you do not accept the relevant Offer and choose not to sell your Alto Shares on-market to Habrok, you will remain an Alto Shareholder or Alto Optionholder and will not be paid the cash consideration under the relevant Offer.</p> <p>However, if Habrok becomes entitled to compulsorily acquire your Alto Shares or Alto Options, it intends to do so. If Habrok obtains sufficient acceptances from other Alto Shareholders or Alto Optionholders you will be paid on the same terms as under the relevant Offer at the end of the compulsory acquisition process.</p> <p>Information on Habrok's intentions with respect to Alto and its business is set out in section 7.</p>
<p><b>How is Habrok funding the Offers?</b></p>	<p>Habrok has an existing intragroup loan agreement dated 8 July 2020 (as amended from time to time) with Remagen Lend, a related body corporate of Habrok, under which Remagen Lend has committed to provide Habrok with a loan facility in an amount in excess of the Maximum Cash Consideration under both the Share Offer and Option Offer.</p>
<p><b>Can I withdraw my acceptance?</b></p>	<p>You cannot withdraw your acceptance of the Share Offer. Under the Option Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p>
<p><b>Can the Offer Period be extended?</b></p>	<p>Yes, the Offer Period may be extended at the election of Habrok and as required under the Corporations Act. Habrok will give written notice of any extension of the Offer Period in accordance with the Corporations Act. Any extension will be announced to the ASX.</p>
<p><b>What are the tax implications of accepting the Share Offer or Option Offer?</b></p>	<p>Please refer to section 9 of this Bidder's Statement for an overview of the Australian taxation treatment for Alto Shareholders or Alto Optionholders accepting the Offer. Foreign Alto Shareholders or Alto Optionholders may also be subject to tax consequences in their jurisdiction from accepting the Offers.</p> <p>Alto Shareholders or Alto Optionholders should not rely on the description in section 9 as advice and Habrok recommends you consult your taxation adviser for detailed taxation advice before deciding whether or not to accept the Offers.</p>
<p><b>What if I am a foreign shareholder or optionholder?</b></p>	<p>Foreign Alto Shareholders or Alto Optionholders will be paid the same cash consideration as stipulated under the relevant Offer. You will be paid in Australian dollars by cheque drawn on an Australian bank branch. However, an amount may be withheld in accordance with section 9 below which addresses CGT Withholding Obligations in relation to foreign Alto Shareholders and Alto Optionholders. Foreign Alto Shareholders and Alto Optionholders may also be subject to the tax consequences in their jurisdiction if they accept the Offers.</p>
<p><b>Where can I get further information?</b></p>	<p>If you have any questions in relation to the Offer, please contact your broker or legal, financial or professional adviser.</p>
<p><b>What will happen to unvested Performance Shares?</b></p>	<p>Habrok understands that there is no change of control trigger for the vesting of the Performance Share terms. This means that Performance Shares will remain on foot.</p>

## 4. Information about Habrok and the Habrok Group

### 4.1 Overview of Habrok and Habrok Group

Habrok is a limited liability company incorporated in New South Wales, Australia and has been incorporated specifically for the purpose of acquiring an interest in Alto Shares, including those pursuant to the Offer.

All of the shares in Habrok are wholly owned by Habrok Mining, which in turn is ultimately owned by Ethele, which holds investments on behalf of potential beneficiaries including Simon and Gillian Raftery and their family.

Habrok Mining, is the holding company for a range of mining investments held by Remagen Capital, a Sydney based investment house, where Mr Raftery is the Managing Director. Habrok Mining has interests in both gold and iron ore pre-feasibility, production and care and maintenance projects in Western Australia.

Habrok Mining has invested more than \$30 million in obtaining two gold mining operations and one iron ore project in Western Australia.

### 4.2 Directors

As at the date of this Bidder's Statement, the directors of Habrok are:

- **Simon Raftery** – Mr Raftery is the managing director of Remagen Capital and has close to fifteen years' experience in corporate advisory and investment banking. He has advised banks, investment funds, boards of directors and stakeholders on capital raisings and restructurings. He holds post-graduate qualifications in applied finance and investment and turnaround management. He is a Senior Associate of FINSIA and a Member of the Turnaround Management Association.
- **Russell Hall** – Mr Hall has over 30 years of experience in executive positions, operations and business development, in civil, mining and property development. His previous role was General Manager of Watpac's Civil and Mining Business, where he was responsible for overseeing existing operations, developing and implementing growth and diversification strategies, and proactively implementing the company's safety policies. He brings to the role strong analytical, financial, negotiation, strategic, and management skills and a commitment to mentoring and developing personnel within the business. He has a Bachelor of Engineering (Civil) from Adelaide University and has completed the Executive Management Program at the University of NSW.

## **5. Information about Alto and the Alto Group**

### **5.1 Disclaimer**

Habrok has prepared the information about Alto and the Alto Group contained in this Bidder's Statement from publicly available information. This information has not been independently verified by Habrok. Accordingly, Habrok makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it.

Further information relating to Alto and the Alto Group is included in the initial target statement released pursuant to the announcement of the Goldsea Offers and may be included in the Target's Statement which Alto must provide in response to this Bidder's Statement.

### **5.2 Overview of Alto**

Alto (ASX:AME) is an Australian ASX-listed company and is the ultimate holding company of the Alto Group. Alto was incorporated in Western Australia and is a Western Australian gold exploration company that is pursuing a high-grade gold strategy, focused on the exploration and development of its key asset, the 100% owned Sandstone Gold Project in the East Murchison District of Western Australia.

Alto has two wholly owned subsidiaries, Sandstone Exploration Pty Ltd and Cue Metals Pty Ltd.

Section 7 of the target's statement dated 20 April 2020 in response to the Goldsea Offers contains detailed information in relation to Alto and its principal activities. Section 6.2 of the Alto Target's Statement contains information regarding specific business risks associated with a continued investment in Alto and general economic and market risks affecting Alto.

### **5.3 Directors and senior management**

As at the date of this Bidder's Statement, the Alto Directors are:

- Mr Richard Monti – Non-Executive Chairman;
- Mr Matthew Bowles – Non-Executive Director;
- Mr Terry Wheeler – Non-Executive Director; and
- Dr Jingbin Wang – Non-Executive Director.

Profiles of Alto's board and management team are available on Alto's website at <https://altometals.com.au/corporate/directors-company-secretary/>.

### **5.4 Windsong Loan Facility**

Alto is party to a loan facility agreement in respect of the Windsong Loan Facility with Windsong, an entity associated with Non-Executive Director, Terry Wheeler. The Windsong Loan Facility provides Alto with the flexibility to draw down funds for working capital.

As at the date of the Target's Statement, Habrok understands approximately \$0.25 million has been drawn down under the Windsong Loan Facility during June 2020. Habrok is not aware of the current status of drawings under the Windsong Loan Facility but expects Alto to provide update to Alto Shareholders and Alto Optionholders regarding this matter.

It is a term of the Windsong Loan Facility that should a person and their associates acquire a relevant interest in Alto Shares of 40% or more, or there is otherwise a change in Control, Windsong may require repayment of the amount owing under the facility within 14 Business Days.

Habrok has confirmed it will offer a loan facility of up to \$2 million to Alto on similar terms to that which is currently provided under the Windsong Loan Facility, being the Habrok Loan Facility.

Draw down under the Habrok Loan Facility is subject to:

- the Alto Directors:
  - recommending Shareholders accept the Share Offer and Optionholders accept the Option Offer, each in the absence of a superior proposal; and
  - having accepted the Share Offer and/or Option Offer in respect of all of the Shares and Options that they hold or control;
- Habrok having a relevant interest in at least 50.1% of Alto Shares;
- the parties to the Windsong Loan Facility terminating and discharging all commitments under the Windsong Loan Facility without the incurrence of any penalty and discharge of any associated security;
- the parties entering into transaction documents in respect of the Habrok Loan Facility on terms acceptable to Habrok, including a first ranking general security deed over Alto and Sandstone Exploration and first ranking mining mortgage over Alto and Sandstone Exploration (and ASX granting a waiver under Listing Rule 10.1 with respect to the grant and exercise of the general security deed and mining mortgage (similar to that obtained by Alto for the prior Goldsea loan facility)).

The Habrok Loan Facility will become repayable if:

- a director of Alto recommends a competing proposal or recommends against, qualifies their support or withdraws their recommendation for the approval of the Offers;
- Alto or any subsidiary undertakes any action which would be a prescribed occurrence (being the occurrences listed in section 652C of the Corporations Act);
- a person other than Habrok acquires control of Alto or obtains a relevant interest in more than 50% of the Alto Shares under a takeover offer that is or becomes unconditional; and
- any new debt or equity capital in excess of \$100,000 is raised by Alto without the prior written consent of Habrok.

## 5.5 Publicly available information

Alto is a company listed on the ASX and is therefore subject to the periodic and continuous disclosure requirements of the Corporations Act and Listing Rules. As such, Alto is required to lodge various documents with the ASX and ASIC.

For information concerning the financial position and affairs of Alto, you should refer to documents lodged with ASX and ASIC which may be obtained from the ASX during business hours or online at [www.asx.com.au](http://www.asx.com.au) or from the ASIC office.

Further information about Alto (including copies of its financial statements and annual reports) is available at <https://altometals.com.au/> and from the ASX.

In addition, the Corporations Act requires Alto to provide a Target's Statement to Alto Shareholders, setting out certain material information regarding Alto.

## 6. Information on Alto securities

### 6.1 Disclaimer

Habrok has prepared the information about Alto securities contained in this Bidder's Statement from publicly available information. This information has not been independently verified by Habrok. Accordingly, Habrok makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it.

Further information relating to Alto securities may be included in the Target's Statement which Alto must provide in response to this Bidder's Statement.

### 6.2 Securities on issue

Based on documents lodged by Alto with ASX before the date of this Bidder's Statement (including the Alto Target's Statement), Alto has the following securities on issue as at the date of this Bidder's Statement:

Class	Number
Alto Shares	293,373,781
Alto Options over Alto Shares	78,842,567
Alto Performance Shares	25,000,000

### 6.3 Substantial holders in Alto's Shares

Based on publically available information in relation to Alto (including the Alto Target's Statement), there are the following substantial holders of Alto Shares:

Substantial holder	Alto Shares in which person has a relevant interest	% of Alto Shares
Windsong Valley Pty Ltd (related party of Terry Wheeler)	56,908,175	19.40
Goldsea Australia Mining Pty Ltd	42,904,231*	14.62*
Harvest Lane Asset Management Pty Ltd	38,164,166	13.01
Habrok	36,825,000	12.55
Sinotech (Hongkong) Corporation Ltd	15,900,000	5.42

\* Goldsea's relevant interest and substantial holding will reduce to 9.9% when its takeover offers expire and it will cease to have a relevant interest resulting from shares accepted under its takeover offers.

### 6.4 Alto employee share plan

Alto shareholders approved an employee share option plan on 29 November 2019, under which directors of the company or any of its subsidiaries or other related bodies corporate may be invited to acquire Alto Shares.

## 6.5 Alto Options

There are five tranches of Alto Options on issue (or 78,842,567 Alto Options in aggregate) as at the date of this Bidder's Statement. The Option Offer extends to all existing Alto Options. Further, the holders of Alto Options may exercise their Alto Options at any time during the Offer Period and then accept the Share Offer.

The respective offer price for each class of Alto Option is set out below under the Option Offer.

Tranche	Key terms	Total number on issue	Consideration for each Option under the Option Offer
1	Exercisable at \$0.07 expiring 17 August 2020	4,571,711	\$0.012
2	Exercisable at \$0.07 expiring 13 November 2020	28,437,523	\$0.015
3	Exercisable at \$0.07 expiring 18 January 2021	8,333,333	\$0.017
4	Exercisable at \$0.07 expiring 9 March 2021	30,000,000	\$0.019
5	Exercisable at \$0.07 expiring 29 November 2023	7,500,000	\$0.035

The Share Offer extends to Alto Shares that are issued upon the exercise of Alto Options during the period from the Register Date to the end of the Offer Period. The holders of Alto Options may exercise their Alto Options, subject to them expiring or lapsing, at any time during the Offer Period and then accept the Share Offer. Any Alto Shares issued during the Offer Period upon exercise of any Alto Options acquired by Habrok under the Option Offer do not form part of the Share Offer bid class.

If not all the Alto Options are either exercised or acquired by Habrok under the Option Offer, Habrok intends to seek to compulsorily acquire or cancel any outstanding Alto Options pursuant to Part 6A.1 or Part 6A.2 of the Corporations Act if it is entitled to do so, although it reserves its right not to do so.

## 6.6 Alto Performance Shares

The Offers do not extend to Alto Performance Shares. However, to the extent that any Alto Performance Shares vest and are converted or exercised, the Share Offer will extend to the Alto Shares in respect of which a person becomes registered or in respect of which a person becomes entitled to be registered as the holder prior to the end of the Offer Period as a result of the vesting, conversion of, or the exercise of, Performance Shares which are on issue at the Register Date.

If the Performance Shares do not vest, the Performance Shares are not acquired by Habrok or cancelled pursuant to agreements or other arrangements, all 25,000,000 Performance Shares will convert into one Alto Share on 23 June 2021.

## 6.7 Habrok's interests in Alto securities

As at the date of this Bidder's Statement [and immediately before the first Offer was sent]:

- Habrok and its associates had a relevant interest in 36,825,000 Alto Shares and no Alto Options; and
- Habrok's voting power in Alto is 12.55%.

## 6.8 Acquisition of Alto Shares by Habrok and its associates

Neither Habrok nor any of its associates has provided or agreed to provide consideration for Alto Shares under any purchase or agreement during the four months before the date of this Bidder's Statement [and immediately before the first Offer was], except as shown in the following table:

Date of acquisition	Description	Number of shares	Consideration per share
22 May 2020	Off-market share sale agreement with each of Adaman Minerals Pty Ltd ACN 628 877 609 AND Mostia Dion Nominees ACN 005 499 945	36,825,000	\$0.066

## 6.9 No collateral benefits or escalation agreements

Except as set out in this Bidder's Statement, neither Habrok nor any of its associates has, during the period of four months ending on the day immediately before the date of the Offers, given, offered or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate of that person, to accept the Offers or dispose of Alto Shares or Alto Options, which benefit was not offered to all Alto Shareholders and Alto Optionholders under the Offers.

Neither Habrok nor any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.



## 7. Habrok's intentions

### 7.1 Introduction

This section 7 sets out the intentions of Habrok relating to:

- the continuation of the business of Alto;
- any major changes to the business of Alto including any redeployment of the fixed assets of Alto;
- the future employment of the present employees of Alto and the future appointment of the Alto directors; and
- the compulsory acquisition of Alto Shares and Alto Options and the removal of Alto from the official list of ASX.

The intentions of Habrok described in this section 7 reflect the intentions of Ethele as the ultimate parent company of Habrok.

### 7.2 Qualifications and disclaimers regarding intentions

The intentions set out in this section 7 of this Bidder's Statement represent the current intentions of Habrok as at the date of this Bidder's Statement formed on the basis of facts and information concerning Alto and its business which are known to Habrok at the time of preparing this Bidder's Statement.

Given that Habrok has not had the benefit of a due diligence investigation into Alto and its assets and liabilities, Habrok does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by Habrok in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 7 are statements of current intent only (based on publicly available information) which may change as new information becomes available to Habrok or as circumstances change. Any changes in Habrok's intentions will be disclosed to the extent and in the manner required by law.

As there is no minimum acceptance condition to the Share Offer, Habrok will not know the extent of its ultimate shareholding in Alto until the close of the Offers. This means that Habrok's ultimate voting power in Alto could be anywhere between 12.55% and 100% at the close of the Offers. Accordingly, the precise circumstances surrounding Habrok's ability to pursue the outcomes of the strategic review may not necessarily be known until the close of the Offers, and are difficult to predict or pre-empt with any certainty at this stage.

The implementation of Habrok's intentions in the event that Habrok has a relevant interest in less than 100% of Alto Shares will be subject to the level of voting power Habrok has in Alto and the Corporations Act (including, without limitation, those provisions intended for the protection of minority shareholders), the ASX Listing Rules, Alto's constitution and the statutory and fiduciary obligations of the Alto Directors at that time to act in the best interests of Alto and all Alto Shareholders (**Shareholder Protections**). The extent of Habrok's ultimate shareholding in Alto (at the close of the Offers) will determine the regulatory requirements for, and other practical matters associated with, implementing Habrok's intentions. By way of illustration:

- If Habrok acquires 50% or less of Alto Shares, it may not be in a position to solely determine the outcome of ordinary resolutions (in respect of which it is entitled to vote) and so, for example, it may not be in a position to control the composition of the Alto Board. This means that Habrok's ability to undertake a detailed review of Alto and its assets and liabilities may be limited, and (assuming it is able to undertake any such review) its ability to realise the proposed outcomes of that strategic review may be similarly constrained.
- If Habrok acquires more than 50% of Alto Shares (but less than 90%), it will be able to solely determine the outcome of ordinary resolutions (in respect of which it is entitled to vote) and will be in a position to control the composition of the Alto Board. However, in these circumstances, the Shareholder Protections will continue to apply and again may constrain Habrok's ability to realise the proposed outcomes of the strategic review.
- If Habrok acquires at least 75% of Alto Shares (but again less than 90%), it will also be able to determine alone the outcome of special resolutions (in respect of which it is entitled to vote). Such special resolutions could involve amendments to the Alto constitution or a change to company type. However, again, the Shareholder Protections will continue to apply.
- If during, or at the end of, the Offer Period:
  - Habrok and its associates together have relevant interests in at least 90% (by number) of all the Alto Shares; and
  - Habrok and its associates have acquired at least 75% (by number) of the Alto Shares for which the Offers are made under the Share Offer (whether the acquisition happened under the Share Offer or otherwise),

Habrok will be entitled to compulsorily acquire all outstanding Alto Shares and presently intends to do so. Following completion of such compulsory acquisition process, Alto would be a wholly-owned subsidiary of Habrok and Habrok would be entitled to exercise its rights as the sole shareholder of Alto. However, in circumstances where an Alto Shareholder or Alto Shareholders held more than 10% in aggregate of all the Alto Shares, that compulsory acquisition would not be possible. As at the date of this Bidder's Statement, Goldsea has voting power of 9.99% (ignoring the effect of acceptances under its takeover bid), and is therefore effectively capable of blocking compulsory acquisition if it chooses not to accept the Offer (subject to the potential exercise of the Options or vesting of the Performance Shares).

Habrok's ability, therefore, to achieve some of its intentions, including those intentions concerning project development contracts and financing arrangements, might not be able to be realised, either at all or without the approval of Alto Shareholders in general meeting.

As a result of the Shareholder Protections, Habrok and its associates may also be excluded from voting on certain resolutions in general meeting, and any nominee directors appointed by Habrok may potentially be precluded from voting at Alto Board meetings, to the extent of any conflict of interest or material personal interest. Further, in circumstances where a minority shareholder maintains a "blocking stake" or other substantial holding in Alto which provides them with a significant proportion of the Alto Shares which are not held by Habrok, then that shareholder's ability to determine the outcome of any such resolutions put to Alto Shareholders in general meeting may be disproportionate to its holding (for example, where that shareholder's holding in Alto is such that they alone could determine whether a resolution is passed or not, in circumstances where Habrok and its associates are excluded from voting on that resolution).

### 7.3 Intentions if Alto becomes a wholly owned subsidiary

Without limiting the comments in section 7.2, this section 7.3 describes the intentions of Habrok if at the end of the Offer Period, Habrok:

- receives valid acceptances of at least 75% (by number) of the Alto Shares not held by Habrok and its associates; and
- acquires a relevant interest in at least 90% (by number) of the Alto Shares then on issue.

#### (a) **Compulsory acquisition of Alto Shares and removal from official list**

If Habrok becomes entitled to compulsorily acquire outstanding Alto Shares, Alto Options or Performance Shares under Part 6A.1 or Part 6A.2 of the Corporations Act, Habrok presently intends to proceed with compulsory acquisition of those securities.

Given the Alto Options are out of the money at the Share Offer Price, Habrok does not intend to exercise any Alto Options it acquires under the Option Offer but reserves the right to do so.

In circumstances where Habrok becomes entitled to compulsorily acquire outstanding Alto Shares, Habrok intends to procure that Alto is removed from the official list of ASX.

#### (b) **Alto Board**

Habrok intends to replace all members of the Alto Board with its own nominees. The identity of such nominee directors has not yet been finally determined, but it is expected they will be predominantly drawn from the current directors and management of Habrok Group.

#### (c) **General operational review**

After the Offer Period, Habrok intends to undertake a general operational review of Alto's operations covering strategic, financial and operating matters and with an objective of improving Alto's financial performance, profitability and prospects in relation to its business and tenements.

Once this has been completed, Habrok will determine the level of financial and other resources necessary to progress the Sandstone Gold Project and optimise exploration potential. In particular, Habrok will determine the optimal strategy in terms of realising maximum value for its investment in Alto, and in doing so, will keep all options open for value maximisation. Habrok intends to continue exploration activities at the Sandstone Gold Project. The conclusions and outcomes of the review, as well as any new results from exploration, will inform Habrok's preferred approach to feasibility of the Sandstone Gold Project.

#### (d) **Project development**

**Should Habrok obtain control following the close of the Offers, it would seek to continue exploration of its tenements to ensure the identified resource deposits wherever possible are upgraded to reserve status. As noted in section 5.4, Habrok has offered to make available the Habrok Loan Facility to Alto to enable further**

**exploration of the Lord Nelson deposit planned for September 2020 and to repay the Windsong Loan Facility.**

**Should Alto be successful in upgrading the Lord Nelson resource deposits to an economic reserve category it would look to commercially develop the deposit.**

Habrok notes that it has received a non-binding indicative expression of interest from Adaman Resources offering its services for milling product from the Lord Nelson deposit through the Kirkalocka processing mill. No agreement, arrangement or understanding has been formed between Habrok and Adaman Resources regarding the Adaman Resources Proposal or any other commercial arrangements nor have any financial terms been specified.

**(e) Financing arrangements**

Habrok understands that a change of control of Alto (which may occur if Habrok's voting power exceeds 40%) may trigger an acceleration in Alto's repayment obligation under the Windsong Loan Facility.

As noted in section 5.4, Habrok is prepared to provide the Habrok Loan Facility to Alto, which would allow Alto to repay the amount outstanding under the Windsong Loan.

Should Alto require any further funding support, in addition to that required to meet its repayment obligation under the Windsong Loan Facility, Habrok would consider any request for funding by Alto on a case by case basis (whether it is partly owned or wholly-owned by Habrok). Any such funding that may be provided would be offered by Habrok on arm's length terms, and the provision of such funding would remain subject to Habrok and Alto agreeing those terms.

**(f) Impact on employees**

Subject to statements made about the existing board of Alto and the general operational review discussed above, Habrok currently intends that all Alto employees will continue in the ordinary course of their employment with no changes to their employment terms.

**7.4 Intentions for Alto if Habrok acquires 50.1% or more of Alto Shares**

This section 7.4 sets out Habrok's intentions if Habrok has voting power in Alto of 50.1% or more at the close of the Offers to gain effective control of Alto, but without becoming entitled to compulsorily acquire the remaining Alto Shares.

The ability of Habrok to implement the intentions set out in this section 7.4 will be subject to the legal obligations of Alto Directors (including any nominees of Habrok) to have regard to the interests of Alto and all Alto Shareholders, the requirements of the Corporations Act and (provided Alto remains listed) the ASX Listing Rules relating to transactions between related parties. These Shareholder Protections may limit or modify the implementation of the intentions outlined below. As a result of those requirements, the approval of minority Alto Shareholders may be required for the implementation of some of the intentions outlined below.

**(a) Alto Board**

Subject to the Corporations Act and Alto's constitution, Habrok intends to seek to replace some of the members of the Alto Board so that Habrok nominees constitute at least a majority of the

members of the Alto Board. No decision has been made at this stage about the identity of the proposed nominees to the Alto Board or which current Alto Directors would be removed.

Habrok will seek, to the extent possible through its nominees on the Alto Board, to implement the intentions detailed in section 7.3 where they are consistent with Alto being a controlled entity of (but not wholly-owned by) Habrok and are considered to be in the best interests of Alto Shareholders as a whole.

Habrok would consider (but not necessarily comply with) the recommendations in the ASX Corporate Governance Principles and Recommendations when determining the composition of the Alto Board.

**(b) Listing on the ASX**

Habrok intends, subject to satisfying the relevant preconditions, to remove Alto from the official list of the ASX.

In relation to the removal of Alto from the official list of the ASX, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of Alto from the official list in the context of a successful takeover bid include:

- at the end of the Offer, Habrok owns or controls at least 75% of the Alto Shares and the Offer has remained open for at least two weeks after Habrok attained ownership or control of at least 75% of the Alto Shares; and
- the number of Alto shareholders (other than Habrok) having holdings with a value of at least \$500 is fewer than 150,

and in such case, the ASX will not usually require Habrok to obtain Alto shareholder approval for Alto's removal from the official list of the ASX.

In addition, ASX may approve an application for Alto to be removed from the official list of the ASX with shareholder approval and, where such removal is sought later than one month after the close of the Offer, Habrok would be entitled to vote on the resolution approving the removal.

If Alto is removed from the official list of the ASX, there may be risks related to remaining as a minority shareholder in Alto. These include reduced or non-existent liquidity if shareholders wish to sell their Alto Shares.

**(c) General operational review**

If Habrok controls Alto following the close of the Offers, Habrok through its nominee on the Alto Board, would propose that Alto pursue the general operational review referred to in section 7.3(c) (to the extent appropriate). Habrok intends, subject to the approval of the Alto Board and to applicable laws, to participate in this review.

If Habrok receives acceptances under the Offer that bring its shareholding to 75% or more of Alto Shares, it may be in a position to cast the votes required to determine the outcome of a "special resolution" at a meeting of Alto Shareholders. This would enable it to pass resolutions, for example, to amend the Alto constitution.

**(d) Project development contracts**

Habrok will, promptly following acquiring control of Alto, consider whether to commence tender processes for various project development contracts as outlined above in section 7.3(d) above, the

entry into of which will be subject to obtaining any necessary approvals pursuant to the Corporations Act or Listing Rules.

(e) **Financing arrangements**

If the existing debt facilities of Alto are terminated as a result of a change of control of Alto, Habrok, through its nominees on the Alto Board, intends to recommend the replacement of those facilities with alternative financing facilities. See section 7.3(e) regarding Habrok's intentions regarding the Windsong Loan Facility through drawdown under the Habrok Loan Facility, if agreed and established, subject to the satisfaction to conditions precedent to draw down.

Habrok, through its nominees on the Alto board, will also need to consider following the general operational review referred to in section 7.3(c) (to the extent appropriate), the required funding of the Sandstone Gold Project which could potentially include, in whole or in part, a future equity capital raising by Alto along with any debt finance. In the event that Alto Shareholders do not participate in any such equity capital raise, their percentage equity interest in Alto will be diluted.

(f) **Further acquisition of Alto Shares**

Habrok may, after conclusion of the Offers, acquire further Alto Shares in accordance with the Corporations Act. In particular, Habrok may acquire additional Alto Shares under item 9 of section 611 of the Corporations Act, which would permit Habrok and its associates to acquire up to 3% of Alto Shares every six months. Habrok has not yet decided whether it will acquire further Alto Shares under these provisions or by any other means permitted under the Corporations Act.

(g) **Compulsory acquisition at a later time**

If Habrok becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act as a result of acquiring additional Alto Shares in accordance with section 7.4(f), it may exercise those rights.

## 7.5 Intentions for Alto if Habrok acquires less than 50.1% of Alto Shares

If Habrok has less than 50.1% voting power in Alto at the close of the Offer, it will not have a controlling interest in Alto.

Habrok will seek to:

- obtain representation on the Alto Board which is at least consistent with its proportionate shareholding; and
- gain a more detailed understanding of the business assets and operations in order to evaluate performance, profitability and prospects of Alto in light of the information then available to Habrok.

(a) **Alto Board**

Habrok intends to (subject to the formal requirements of the Corporations Act and of the Alto constitution) seek representation on the Alto Board so that the proportion of Habrok nominees is at least in line with its voting power in Alto. The identity of such nominee directors has not yet been finally determined, but it is expected that they will be predominantly drawn from the current directors and management of Habrok Group.

(b) **Active minority Alto Shareholder**

For so long as it remains an Alto Shareholder, Habrok intends to remain actively involved as a shareholder, aiming to influence the Alto Board to act consistently with the intentions of Habrok set out in section 7.4(c) to (e) above, to the greatest extent that is permitted by law.

**7.6 Limitations on ability to implement intentions**

The ability of Habrok to implement the intentions set out in section 7.4 and section 7.5 will be subject to:

- the legal obligations of Alto Directors to act in the best interests of Alto and all Alto Shareholders; and
- the requirements of the Corporations Act and, while Alto remains listed, the ASX Listing Rules dealing with transactions between related parties.

These obligations and requirements may limit Habrok's ability to implement the intentions described in section 7.4 and section 7.5 or may require the approval of Alto Shareholders (other than Habrok) in order to implement these intentions.

**7.7 Other intentions**

Other than as set out in this section 7, it is Habrok's present intention to procure that Alto will:

- generally continue its business in substantially the same manner as at the date of this Bidder's Statement;
- not make any major changes to its business or redeploy any of its fixed assets; and
- continue the employment of its present employees.

## 8. Sources of consideration

### 8.1 Total cash required

The maximum amount Habrok could be required to pay under the Offer is approximately \$23.79 million (**Maximum Cash Consideration**).

#### (a) Maximum cash consideration under the Share Offer

- The maximum amount of cash that Habrok would be required to pay under the Offer if acceptances are received in respect of all Alto Shares on issue as at the date of this Bidder's Statement (other than those in which Habrok and its associates already has a relevant interest) is approximately \$16.93 million.
- In addition, if all Alto Options and Alto Performance Shares on issue on the date of this Bidder's Statement are converted or vest into Alto Shares, an additional amount of up to approximately \$6.85 million would be payable. Given the Alto Options are out of the money at the Share Offer Price, it is unlikely they will be exercised. Likewise, based on the terms of the Performance Shares.

#### (b) Maximum cash consideration under the Option Offer

- As at the date of this Bidder's Statement, Habrok understands that Alto has 78,842,567 Alto Options on issue.
- If the Option Offer is accepted in respect of all 78,842,567 Alto Options, the consideration payable will be \$1.46m calculated as follows:

Tranche	Key Terms	Total number on issue	Consideration for each Alto Option	Total consideration to be funded
1	Exercisable at \$0.07 expiring 17 August 2020	4,571,711	0.012	54,861
2	Exercisable at \$0.07 expiring 13 November 2020	28,437,523	0.015	426,563
3	Exercisable at \$0.07 expiring 18 January 2021	8,333,333	0.017	141,667
4	Exercisable at \$0.07 expiring 9 March 2021	30,000,000	0.019	570,000
5	Exercisable at \$0.07 expiring 29 November 2023	7,500,000	0.035	262,500
	<b>Total:</b>	<b>78,842,567</b>		<b>1,455,590</b>

### 8.2 Sources of cash consideration

Habrok has an existing intragroup loan agreement dated 8 July 2020 (as amended from time to time) (**Remagen Facility**) with Remagen Lend, under which Remagen Lend has committed to provide Habrok with a loan facility in an amount in excess of fund the Maximum Cash Consideration under both the Share Offer and Option Offer.



The material terms of the Remagen Facility are set out below:

- the Remagen Facility is available for drawing from 8 July 2020 until 11 July 2023 (**Availability Period**);
- Habrok may draw down at any time during the Availability Period on two business days' notice to Remagen Lend;
- there are no conditions precedent to draw down other than matters of formality, all of which are within Habrok's power or control; and there is no reason currently known to Habrok or its related entities why the conditions precedent will not be able to be satisfied at any time at which drawdown of the Remagen Facility is required;
- interest accrues at 7.5% per annum;
- Habrok may, prepay all or any part of the principal outstanding and any interest accrued but unpaid, in whole or in part at any time, without penalty; and
- the Remagen Facility also contains events of default, representations and undertakings customary for facilities of this nature.

Further to the above, Remagen Lend has binding commitments from pension funds, other institutional investors and high-net worth individuals in an amount of \$93 million. There are no conditions precedent to draw down under the binding commitments other than matters of formality, all of which are within Habrok's power or control. Remagen Lend will ensure that these funds remain available via the Remagen Facility while Habrok has any outstanding obligation to pay for Alto Shares or Alto Options acquired by it under the Offers or in exercise of rights of compulsory acquisition of Alto Shares or Alto Options under the Corporations Act or to pay any fees, expenses and duties.

### **8.3 Reasonable basis for belief**

On the basis of the arrangements and disclosures described in this section 8, Habrok believes that it has reasonable grounds for holding the view, and holds the view, that it will be able to provide the consideration required to satisfy its payment obligations under the Offers, as well as its costs associated with the Offers as and when they are under the terms of the Offers.

The Offers are not subject to any financing defeating conditions.

## 9. Australian taxation summary

### 9.1 Disclaimer

The information contained in this tax summary is of a general nature only. It is not intended to be either legal or tax advice and will not address all of the tax issues that may be relevant to you if you dispose of your Alto Shares or Alto Options. You should obtain independent tax advice relevant to your own particular facts and circumstances including the Australian taxation consequences of accepting the Offers.

If you are not resident in Australia for income tax purposes or are liable for tax outside Australia, you should also take into account the tax consequences that arise in your country of tax residence or other relevant country as well as under Australian law.

This is a summary of the key Australian income tax, capital gains tax, GST and stamp duty implications that may arise for you if you sell your Alto Shares or Alto Options to Habrok under the Offers. This summary is based on the Australian tax laws and relevant administrative practices that are currently in force as at the date of this Bidder's Statement.

This taxation summary is relevant only to those Alto Shareholders and Alto Optionholders who are individuals, complying superannuation entities, trusts, partnerships and companies that hold their shares on capital account.

It is not relevant to you, and you should seek independent tax advice, if:

- you hold Alto Performance Shares;
- you acquired your Alto Shares or Alto Options under an employee share or option scheme;
- you are subject to rules that deem you to have acquired your Alto Shares or Alto Options before 20 September 1985;
- you are under a legal disability;
- you acquired or hold your Alto Shares or Alto Options in the course of carrying on a business or for the purpose of resale at a profit (for example, you are in the business of trading or investment or you are a bank or an insurance company) or you are subject to the taxation of financial arrangements provisions in Division 230 of the Income Tax Assessment Act 1997 in respect of your Alto Shares or Alto Options;
- you are an entity subject to special taxation rules, including the Investment Manager Regime, or the Taxation of Financial Arrangement rules, or you are a tax exempt organisation or superannuation fund with accounts in a tax-free pension phase;
- you are or have been a temporary Australian resident;
- you are not resident in Australia for income tax purposes but have held your Alto Shares or Alto Options at any time in carrying on business at or through a permanent establishment in Australia; or
- you and your associates held 10% or greater interest in Alto either at the time of your CGT event or throughout a 12 month period in the 24 months before your CGT event.

## 9.2 Disposal of your Alto Shares

### (a) Australian tax resident Alto Shareholders

#### General

If you accept the Share Offer and your Alto Shares are transferred to Habrok, this will be a CGT event for Australian capital gains tax purposes. In this event, the disposal of your Alto Shares will have capital gains tax implications for you.

#### Time of CGT event

The time of your CGT event will be one of the following times:

- if you accept the Share Offer, your disposal should take place on the date of that acceptance; or
- if you do not accept the Share Offer and your Alto Shares are compulsorily acquired (as described in section 7.3(a)), your disposal should take place on the date Habrok becomes the owner of your Alto Shares.

#### Capital gain or capital loss

You may make a capital gain or capital loss on the disposal of your Alto Shares to Habrok depending on the total consideration that you receive for the disposal of your Alto Shares and the CGT cost base or reduced cost base of your Alto Shares. You will have a capital gain from the disposal of your Alto Shares if the Share Offer Price exceeds the cost base in your Alto Shares. You will have a capital loss if the Share Offer Price is less than the reduced cost base of your Alto Shares.

Generally, and subject to the comment in the paragraph below, the cost base or reduced cost base of your Alto Shares for capital gains tax purposes will include, among other things, the amount paid to acquire your Alto Shares and any incidental costs.

If you are subject to rules that deem you to have acquired your Alto Shares before 21 September 1999, in calculating a capital gain, the cost base of your Alto Shares may be increased for indexation based on the Consumer Price Index movement from your date of acquisition to 30 September 1999. Alternatively, if you are entitled to, you may choose to claim the CGT discount to reduce your capital gain (discussed below).

If you make a capital gain from the disposal of your Alto Shares, that capital gain will be combined with any other capital gains you have made for the income year, then the total will be applied against any current year or carried forward capital losses (before taking into account the CGT discount (discussed below)).

#### CGT discount

You may be entitled to CGT discount treatment to reduce the amount of the capital gain included in your assessable income from disposal of your Alto Shares. Where CGT discount treatment applies to you, any capital gain from Alto Shares (after application of capital losses as discussed above) will be reduced by 50% (if you are an individual or a trust) or 33 $\frac{1}{3}$ % (if you are a complying superannuation entity) if you held Alto Shares for more than 12 months (excluding the dates of acquisition and disposal). Any resulting net capital gain will be included in your assessable income for the income year. Any resulting net capital loss will be carried forward and may be applied against any future assessable capital gains (before taking into account the CGT discount, if applicable).

If you make a capital loss from the disposal of your Alto Shares, that capital loss may only be offset against your assessable capital gains (before taking into account the CGT discount, if applicable). Any excess capital loss may be applied against your future assessable capital gains (again before taking into account the CGT discount, if applicable).

The CGT discount will not apply to Alto Shareholders that are companies, and it also does not apply to Alto Shares that have been owned, or are deemed to be owned, for less than the relevant 12 month period.

(b) **Alto Shareholders not resident in Australia for income tax purposes**

If you are not resident in Australia for income tax purposes, you should generally not have to pay Australian income tax on any capital gain arising on the disposal of your Alto Shares, unless both of the following requirements are satisfied:

- you and your associates had a 10% or greater interest in Alto either at the time of that disposal or for at least 12 months during the 24 months before that disposal; and
- 50% or more of the value of Alto is represented by real property in Australia (**Principal Asset Test**). Alto Shares would generally pass this test if the market value of Alto's direct and indirect interests in Australian land is more than the market value of other assets at the time of the CGT event. For these purposes, "land" includes Alto's leases and mining rights.

**If either element is absent, any capital gain realised on the disposal of your Alto Shares should not be subject to income tax in Australia.**

Where both elements are satisfied, the Alto Shares are "indirect Australian real property interests". Non-resident Alto Shareholders will be required to lodge an Australian tax return reporting the disposal of indirect Australian real property interests and pay tax on the net capital gain. A non-resident Alto Shareholder who is subject to tax on the disposal of their Alto Shares may be eligible to apply a CGT discount to part of their gain if they are subject to rules that deem them to have acquired their Alto Shares on or before 8 May 2012. Otherwise, the CGT discount is not available for non-resident Alto Shareholders.

### 9.3 Disposal of your Alto Options

(a) **Australian tax resident Alto Optionholders**

**General**

An Alto Optionholder that accepts the Option Offer, and transfers their Alto Options to Habrok, will be treated as having disposed of Alto Options for Australian tax purposes when they accept the Option Offer, even if the condition of the Option Offer is not satisfied until a later date.

If an Alto Optionholder's Alto Options are compulsorily acquired, the Alto Optionholder will be taken to have disposed of Alto Options when the options are transferred.

**Capital gain or capital loss**

The same rules in relation to capital gains and capital losses should apply in relation to the Alto Options as those described above in relation to Alto Shares.

In the event that an Alto Optionholder exercises their Alto Options to acquire Alto Shares, that exercise should not be taken to be a disposal that results in a tax liability for the Alto Optionholder.

Instead, the exercise price paid will be relevant to determining the capital gain or loss made on the subsequent disposal of the resulting Alto Shares.

(b) **Alto Optionholders not resident in Australia for income tax purposes**

An Alto Optionholder that is not a resident of Australia for tax purposes should generally not have to pay Australian income tax on the disposal of their Alto Options, unless the Alto Shares that might be acquired under the Alto Options would be indirect Australian real property interests in the way described in section 9.2(b) above. Where Australian income tax applies, such non-resident Alto Optionholders will be required to lodge an Australian tax return reporting the disposal of options over indirect Australian real property interests and pay tax on the net capital gain.

A non-resident Alto Optionholder who is subject to tax on the disposal of their Alto Options may be eligible to apply a CGT discount to part of their gain if they are subject to rules that deem them to have acquired their Alto Options on or before 8 May 2012. Otherwise, the CGT discount is not available for non-resident Alto Optionholders.

(c) **CGT Withholding**

Habrok may have an obligation to pay 12.5% of the Share Offer Price and 12.5% of the consideration paid for the Alto Options (collectively, **CGT Withholding Tax**) if the relevant Alto Shares and Alto Options are 'indirect Australian real property interests' and Habrok either:

- (i) knows or reasonably believes that the relevant Alto Shareholder or Alto Optionholder is a foreign resident; or
- (ii) does not reasonably believe that the relevant Alto Shareholder or Alto Optionholder is an Australian resident, and either:
  - (A) the relevant Alto Shareholder or Alto Optionholder has an address outside Australia; or
  - (B) Habrok is authorised to make payment to a place outside Australia (whether to the relevant Alto Shareholder or Alto Optionholder or to anyone else).

An Alto Shareholder or Alto Optionholder may complete a Foreign Resident Capital Gains Withholding Declaration (**Declaration Form**). In this Declaration Form, the relevant Alto Shareholder or Alto Optionholder may declare that it is an Australian tax resident or that their holding in Alto is not an indirect Australian real property interest. A Declaration Form may be obtained by contacting Boardroom at [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au).

If the relevant Alto Shareholder or Alto Optionholder does not provide an appropriately completed Declaration Form by the relevant time or if Habrok reasonably believes that the information in the Declaration Form is not correct, Habrok may withhold the CGT Withholding Tax from the Share Offer Price payable to that Alto Shareholder or the consideration payable to the Alto Optionholder. In such an instance, the relevant Alto Shareholder or Alto Optionholder will only receive the net proceeds and will be taken to receive the full Share Offer Price and consideration for the Alto Options for the purposes of the Offer.

Any CGT Withholding Tax withheld may be able to be an offset against the actual tax payable on the gain from the disposal of the Alto Shares and Alto Options (as discussed above) and is refundable by the ATO to the extent that the CGT Withholding Tax exceeds the actual tax payable.

#### **9.4 GST and stamp duty**

No Australian stamp duty or GST is payable by you on the sale of your Alto Shares or Alto Options to Habrok pursuant to the Offer. You may be charged GST on incidental costs incurred in acquiring or disposing of your Alto Shares or Alto Options. You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

## 10. Additional information

### 10.1 On-market purchases by Habrok

In accordance with Rules 5.13.1 and 5.14.1 of the ASIC Market Integrity Rules (Securities Market) 2017 (ASIC Market Integrity Rules) and the Corporations Act, Habrok advises that it may seek to acquire Alto Shares on-market at or below \$0.066 per Alto Share during the Bid Period (as defined in the ASIC Market Integrity Rules). Habrok intends to appoint CLSA, a licensed broker, for this purpose.

### 10.2 ASIC relief for Option Offer

Habrok has been granted an exemption from ASIC under section 655A(1) of the Corporations Act to allow Habrok to treat all Alto Options as a single class of securities for the purposes of the Option Offer. The effect of the ASIC relief is to allow:

- Habrok to treat the different classes of unlisted Alto Options that have an exercise price which is higher than the Share Offer Price as one class of options for the purpose of the Option Offer; and
- the Option Offer to offer a different consideration for each class of Alto Option having regard to the different expiry dates of the different Alto Options.

Habrok has also been granted an exemption from ASIC from section 606 of the Corporations Act in respect of the acquisition of a relevant interest in Alto Shares as a result of Habrok exercising Alto Options that it acquires under the Option Offer.

Habrok intends to exercise all Alto Options that it acquires under the Option Offer. Further, any Alto Shares that are issued during the Offer Period upon exercise of any Alto Options acquired by Habrok under the Option Offer do not form part of the Share Offer bid class.

### 10.3 Date for determining holders of Alto Shares and Alto Options

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

### 10.4 Documents lodged with ASIC or given to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement. If you would like to receive a copy of any of those documents free of charge, please email [info@habrokmining.com](mailto:info@habrokmining.com).

### 10.5 Consents to be named

Each of the parties in the table below:

- has consented and has not, before the date of this Bidder's Statement, withdrawn its consent, to being named in this Bidder's Statement in the form and context in which they are named;
- has not caused or authorised the issue of this Bidder's Statement;

- does not make nor purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Bidder's Statement.

Consenting Party	Role
Allen & Overy	Legal adviser to Habrok
CLSA Australia Pty Limited	Broker and financial adviser to Habrok
Boardroom Pty Limited	Share Registrar for the Offer

## 10.6 Official statements

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement contains security price trading data sourced from IRESS Limited without its consent.

## 10.7 No other regulatory or other approvals

There are no regulatory approvals that Habrok is required to obtain before acquiring Alto Shares or Alto Options under the Offer.

## 10.8 No other material information

Except as disclosed in this Bidder's Statement, there is no information known to Habrok and that is material to the making of the decision by an Alto Shareholder or Alto Optionholder whether or not to accept the Offer that has not previously been disclosed to Alto Shareholders or Alto Optionholders.



## 11. Details of the Share Offer

### 11.1 Share Offer

- (a) Habrok offers to acquire all of your Alto Shares on and subject to the terms and conditions set out in this section 11 of this Bidder's Statement.
- (b) The consideration under the Share Offer is \$0.066 in cash for each Alto Share. Where the calculation of the consideration to be paid to an Alto Shareholder would result in the Alto Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.
- (c) By accepting this Share Offer, you undertake to transfer to Habrok not only your Accepted Alto Shares, but also all Rights attached to those Alto Shares (see section 11.5(b)(vi) and section 11.6(c)).
- (d) This Share Offer is being made to:
  - (i) each person registered as the holder of Alto Shares in the Share Register on the Register Date;
  - (ii) holders of securities that come to be Alto Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date (including Alto Options and Alto Performance Shares); and
  - (iii) any person who becomes registered as the holder of your Alto Shares during the Offer Period.
- (e) Any Alto Shares issued during the Offer Period upon exercise of any Alto Options acquired by Habrok under the Option Offer do not form part of the Share Offer bid class.
- (f) If, at the time the Share Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Alto Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Share Offer will be deemed to have been made to that other person in respect of those Alto Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Share Offer will be deemed to have been made to you in respect of any other Alto Shares you hold to which the Share Offer relates; and
  - (iii) this Share Offer will be deemed to have been withdrawn immediately at that time.
- (g) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Alto Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Share Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Share Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Share Acceptance Form, please email Boardroom at [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au).

- (h) If your Alto Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Share Offer.
- (i) The Share Offer is dated [●] 2020.

## 11.2 Offer Period

- (a) Unless withdrawn, the Share Offer will remain open for acceptance during the period commencing on the Announcement Date and ending at 7.00pm (AEST) on the later of:
  - (i) [●] 2020; or
  - (ii) any date to which the Offer Period is extended.
- (b) Habrok reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occurs:
  - (i) the Share Offer is varied to improve the consideration offered; or
  - (ii) the voting power of Habrok in Alto increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 11.3 How to accept this Share Offer

- (a) **General**
  - (i) Subject to section 11.1(f) and section 11.1(g), you may accept this Share Offer in respect of all of your Alto Shares but for no more or less.
  - (ii) You may accept this Share Offer at any time during the Offer Period.
- (b) **Alto Shares held in your name on Alto's Issuer Sponsored Subregister**

To accept this Share Offer for Alto Shares held in your name on Alto's Issuer Sponsored Subregister (in which case your SRN will start with an "I"), you must:

- (i) complete and sign the Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Share Acceptance Form; and
- (ii) ensure that the Share Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) is received before the end of the Offer Period, at the address shown on the Share Acceptance Form.

- (c) **Alto Shares held in your name in a CHESS Holding**

To accept this Share Offer for Alto Shares held in a CHESS Holding (in which case your HIN will commence with 'X'):

- (i) If you are not a Participant, you should instruct your Controlling Participant (this is normally your broker) to initiate acceptance of this Share Offer on your behalf in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period;

- (ii) If you are a Participant, you should initiate acceptance of this Share Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (iii) Alternatively, you may sign and complete the Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Share Acceptance Form and ensure that it (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) is received at the address given on the Share Acceptance Form in sufficient time for it to be acted upon by your Controlling Participant before the end of the Offer Period, at the address shown on the Share Acceptance Form.

You must comply with any other applicable ASX Settlement Operating Rules.

**(d) Alto Shares of which you are entitled to be registered as holder**

To accept this Share Offer for Alto Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Share Acceptance Form; and
- (ii) ensure that the Share Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) is received before the end of the Offer Period at the address shown in the Share Acceptance Form.

**(e) Share Acceptance Form and other documents**

- (i) The Share Acceptance Form forms part of the Share Offer.
- (ii) If your Share Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Habrok at the address shown on the Share Acceptance Form before the end of the Offer Period. You may only return your Share Acceptance Form by facsimile with the prior approval of Habrok.
- (iii) When using the Share Acceptance Form to accept this Share Offer in respect of Alto Shares in a CHESS Holding, you must ensure that the Share Acceptance Form (and any documents required by the terms of this Share Offer and the instruction on the Share Acceptance Form) are received by Habrok in time for Habrok to instruct your Controlling Participant to initiate acceptance of this Share Offer on your behalf in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iv) The postage and transmission of the Share Acceptance Form and other documents is at your own risk.

**11.4 Validity of acceptances**

- (a) Subject to this section 11.4, your acceptance of the Share Offer will not be valid unless it is made in accordance with the procedures set out in section 11.3.
- (b) Habrok will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Share Offer and time of receipt of an acceptance of the Share Offer. Habrok is not required to communicate with you prior to or after making this determination. The determination of Habrok will be final and binding on all parties.

- (c) Notwithstanding sections 11.3(b), 11.3(c), 11.3(d) and 11.3(e), Habrok may, in its sole discretion, at any time and without further communication to you, deem any Share Acceptance Form it receives to be a valid acceptance in respect of your Accepted Alto Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Share Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Habrok.
- (d) Habrok will provide the consideration to you in accordance with section 11.6, in respect of any part of an acceptance determined by Habrok to be valid.

### **11.5 The effect of acceptance**

- (a) Once you have accepted the Share Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Accepted Alto Shares from the Share Offer or otherwise dispose of your Accepted Alto Shares.
- (b) By completing, signing and returning the Share Acceptance Form, or otherwise accepting this Offer pursuant to section 11.3, you will be deemed to have:
  - (i) accepted this Share Offer (and any variation of it) in respect of, and, agreed to transfer to Habrok, your Accepted Alto Shares, subject to section 11.1(f) and section 11.1(g));
  - (ii) represented and warranted to Habrok, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Accepted Alto Shares (including any Rights) to Habrok is registered, that all your Accepted Alto Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Share Offer and to sell and transfer the legal and beneficial ownership in your Accepted Alto Shares (including any Rights) to Habrok, and that you have paid to Alto all amounts which at the time of acceptance have fallen due for payment to Alto in respect of your Accepted Alto Shares;
  - (iii) irrevocably authorised Habrok (and any director, secretary, nominee or agent of Habrok) to alter the Share Acceptance Form on your behalf by inserting correct details relating to your Accepted Alto Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Habrok to make it an effective acceptance of this Share Offer or to enable registration of your Accepted Alto Shares in the name of Habrok;
  - (iv) if you signed the Share Acceptance Form in respect of Alto Shares which are held in a CHES Holding, irrevocably authorised Habrok (or any director, secretary, nominee or agent of Habrok) to instruct your Controlling Participant to initiate acceptance of this Share Offer in respect of your Accepted Alto Shares in accordance with rule 14.14 of the ASX Settlement Operating Rules;
  - (v) if you signed the Share Acceptance Form in respect of Alto Shares which are held in a CHES Holding, irrevocably authorised Habrok (or any director, secretary, nominee or agent of Habrok) to give any other instructions in relation to your Accepted Alto Shares to your Controlling Participant, as determined by Habrok acting in its own interests as a beneficial owner and intended registered holder of those Alto Shares;

- (vi) irrevocably authorised and directed Alto to pay to Habrok, or to account to Habrok for, all Rights in respect of your Accepted Alto Shares, subject, if this Share Offer is withdrawn, to Habrok accounting to you for any such Rights received by Habrok;
- (vii) irrevocably authorised Habrok to notify Alto on your behalf that your place of address for the purpose of serving notices upon you in respect of your Accepted Alto Shares is the address specified by Habrok in the notification;
- (viii) irrevocably appointed Habrok (and any director, secretary or nominee of Habrok) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Accepted Alto Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Alto and to request Alto to register, in the name of Habrok or its nominee, your Accepted Alto Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (ix) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Alto or to exercise or purport to exercise any of the powers and rights conferred on Habrok (and its directors, secretaries and nominees) in section 11.5(b)(viii);
- (x) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 11.5(b)(viii), the attorney will be entitled to act in the interests of Habrok as the beneficial owner and intended registered holder of your Accepted Alto Shares;
- (xi) agreed to do all such acts, matters and things that Habrok may require to give effect to the matters the subject of this section 11.5(b)(including the execution of a written form of proxy to the same effect as this section 11.5(b) which complies in all respects with the requirements of the constitution of Alto) if requested by Habrok;
- (xii) agreed to indemnify Habrok in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or SRN or in consequence of the transfer of your Accepted Alto Shares to Habrok being registered by Alto without production of your Holder Identification Number or your SRN for your Accepted Alto Shares;
- (xiii) represented and warranted to Habrok that, unless you have notified it in accordance with section 11.1(g), your Accepted Alto Shares do not consist of separate parcels of Alto Shares;
- (xiv) irrevocably authorised Habrok (and any nominee) to transmit a message in accordance with rule 14.17 of the ASX Settlement Operating Rules to transfer your Accepted Alto Shares to the Takeover Transferee Holding of Habrok, regardless of whether it has paid the consideration due to you under this Share Offer; and
- (xv) agreed to execute all such documents, transfers and assurances, and do all such acts, matters and things that Habrok may consider necessary or desirable to convey your Accepted Alto Shares registered in your name and Rights to Habrok.

The undertakings and authorities referred to in section 11.5(b) will remain in force after you receive the consideration for your Accepted Alto Shares and after Habrok becomes registered as the holder of your Accepted Alto Shares.

## 11.6 Payment of consideration

- (a) Subject to sections 11.4(b) and 11.6(b) and the Corporations Act, Habrok will provide the consideration due to you for your Accepted Alto Shares within the earlier of one month after your acceptance of the offer or 21 days after the close of the Offer Period.
- (b) Where the Share Acceptance Form requires an additional document to be delivered with your Share Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Share Acceptance Form, Habrok will provide the consideration in accordance with section 11.6(a);
  - (ii) if that document is given after your Share Acceptance Form and before the end of the Offer Period, Habrok will provide the consideration in accordance with section 11.6(a); or
  - (iii) if that document is given after the end of the Offer Period, Habrok will provide the consideration within 21 days after that document is given.
- (c) If you accept this Share Offer, Habrok is entitled to all Rights in respect of your Accepted Alto Shares. Habrok may require you to provide all documents necessary to vest title to those Rights in Habrok, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Habrok, or if you have received the benefit of those Rights, Habrok will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Habrok) of those Rights.
- (d) Payment of any cash amount to which you are entitled under the Share Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address shown either, at the discretion of Habrok, on your Share Acceptance Form or the Alto Registers supplied by Alto from time to time. Payment will be deemed to have been made at the time the cheque is delivered by or on behalf of Habrok to the post for delivery.
- (e) Under no circumstances will interest be paid on the consideration to which you are entitled, regardless of any delay in providing the consideration or any extension of the Share Offer.
- (f) If any amount (the withholding amount) is required, under any Australian law or by any Governmental Agency, to be:
- (i) withheld from any consideration otherwise payable to you under this Share Offer and paid to a Governmental Agency; or
  - (ii) retained by Habrok out of any consideration otherwise payable to you under this Share Offer,
- the payment or retention by Habrok of the withholding amount (as applicable) will constitute full discharge of Habrok's obligation to pay the consideration to you to the extent of the withholding amount.
- (g) If at the time you accept the Share Offer any of the following:
- (i) *Banking (Foreign) Exchange Regulations 1959 (Cth)*;
  - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;

- (iii) *Autonomous Sanctions Act 2011* (Cth); or
- (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other government authority be obtained before you receive any consideration for your Accepted Alto Shares, or would make it unlawful for Habrok to provide any consideration to you for your Accepted Alto Shares, you will not be entitled to receive any consideration for your Accepted Alto Shares until all requisite authorities, clearances or approvals have been received by Habrok.

- (h) The Share Offer Price you are paid will be reduced by the amount or value of any Rights attaching to your Alto Shares, on or after the Announcement Date, which Habrok does not receive.

### **11.7 No conditions**

The Share Offer is not subject to any conditions.

### **11.8 Withdrawal of this Share Offer**

- (a) This Share Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Habrok will give notice of the withdrawal to ASX and to Alto and will comply with any other conditions imposed by ASIC.
- (b) All contracts arising from acceptance of the Share Offer before it was withdrawn will remain enforceable.
- (c) A withdrawal pursuant to section 11.8 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

### **11.9 Variation of this Share Offer**

Habrok may vary this Share Offer in accordance with the Corporations Act.

### **11.10 Stamp duty and brokerage**

- (a) Habrok will pay any stamp duty payable on the Share Offer.
- (b) As long as your Accepted Alto Shares are registered in your name in an Issuer Sponsored Holding and you deliver them directly to Habrok, you will not incur any brokerage charges in connection with your acceptance of this Share Offer.
- (c) If your Accepted Alto Shares are in a CHESS Holding or you hold your Alto Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Share Offer.

### **11.11 Governing laws**

This Share Offer and any contract that results from your acceptance of it are to be governed by the laws in force in New South Wales.



## 12. Details of the Option Offer

### 12.1 Option Offer

- (a) Habrok offers to acquire all of your Alto Options on and subject to the terms and conditions set out in this section 12 of this Bidder's Statement.
- (b) The consideration under the Option Offer for each Alto Option is as set out in section 12.2 below. Where the calculation of the consideration to be paid to an Alto Optionholder would result in the Alto Optionholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.
- (c) By accepting the Option Offer, you undertake to transfer not only your Alto Options, but also all rights attached to those Alto Options (see section 12.6(c)(iv) and section 12.7(c)).
- (d) The Option Offer is being made to:
  - (i) each person registered as the holder of Alto Options in the Options Register on the Register Date; and
  - (ii) any person who becomes registered as the holder of your Alto Options during the Offer Period.
- (e) If, at the time the Option Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Alto Options, then:
  - (i) a corresponding offer on the same terms and conditions as this Option Offer will be deemed to have been made to that other person in respect of those Alto Options;
  - (ii) a corresponding offer on the same terms and conditions as this Option Offer will be deemed to have been made to you in respect of any other Alto Options you hold to which the Option Offer relates; and
  - (iii) this Option Offer will be deemed to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Alto Options as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Option Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Option Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Option Acceptance Form, please email Boardroom at [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au).
- (g) If your Alto Options are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Option Offer.
- (h) This Option Offer is dated [●] 2020.

### 12.2 Consideration for the Option Offer

Subject to the terms of this Option Offer, the consideration offered by Habrok for the acquisition of all your Alto Options is as set out in the table below.

Tranche	Key Terms	Total number on issue	Consideration for each Alto Option
1	Exercisable at \$0.07 expiring 17 August 2020	4,571,711	0.012
2	Exercisable at \$0.07 expiring 13 November 2020	28,437,523	0.015
3	Exercisable at \$0.07 expiring 18 January 2021	8,333,333	0.017
4	Exercisable at \$0.07 expiring 9 March 2021	30,000,000	0.019
5	Exercisable at \$0.07 expiring 29 November 2023	7,500,000	0.035
	<b>Total</b>	<b>78,842,567</b>	

### 12.3 Offer Period

- (a) Unless withdrawn, the Option Offer will remain open for acceptance during the period commencing on the Announcement Date and ending at 7.00pm (AEST) on the later of:
- (i) [●] 2020; or
  - (ii) any date to which the Offer Period is extended.
- (b) Habrok reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occurs:
- (i) the Option Offer is varied to improve the consideration offered; or
  - (ii) the voting power of Habrok in Alto increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

### 12.4 How to accept this Option Offer

#### (a) General

- (i) You may accept this Option Offer only in respect of all of your Alto Options.
- (ii) You may accept the Option Offer at any time during the Offer Period.

#### (b) Option Acceptance Form and other documents

- (i) The Option Acceptance Form forms part of the Option Offer.
- (ii) To accept this Option Offer in respect of Alto Options which, at the time of acceptance, are registered in your name, you must complete and sign the Option Acceptance Form enclosed

with this Option Offer in accordance with the instructions on it and return it together with all other documents required by those instructions (if any) to:

Habrok (Alto) Pty Limited  
GPO BOX 3993  
SYDNEY NSW 2001

so that it is received at an address specified above by no later than the end of the Offer Period. A reply-paid envelope, which is valid if sent from within Australia, is enclosed for your use.

- (iii) If your Option Acceptance Form (including any documents required by the terms of this Option Offer and the instructions on the Option Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Habrok at the address shown on the Option Acceptance Form before the end of the Offer Period. You may only return your Option Acceptance Form by facsimile with the prior approval of Habrok.
- (iv) The postage and transmission of the Option Acceptance Form and other documents is at your own risk.

## **12.5 Validity of acceptance**

- (a) Subject to this section 12.5, your acceptance of the Option Offer will not be valid unless it is made in accordance with the procedures set out in section 12.4.
- (b) Habrok will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Option Offer and time of receipt of an acceptance of the Option Offer. Habrok is not required to communicate with you prior to or after making this determination. The determination of Habrok will be final and binding on all parties.
- (c) Notwithstanding section 12.4(b), Habrok may, in its sole discretion, at any time and without further communication to you, deem any Option Acceptance Form it receives to be a valid acceptance in respect of your Accepted Alto Options, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Option Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Habrok.
- (d) Habrok will provide the consideration to you in accordance with section 12.7, in respect of any part of an acceptance determined by Habrok to be valid.

## **12.6 The effect of acceptance**

- (a) Once you have accepted the Option Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Accepted Alto Options from the Option Offer or otherwise dispose of your accepted Alto Option, except as follows:
  - (i) if, by the relevant times specified in section 12.6(b), the conditions in section 12.8 have not all been fulfilled or freed, this Option Offer will automatically terminate and your Accepted Alto Options will be released to you; or
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Habrok must pay the consideration under the Option Offer and, at the time, this Option Offer

is subject to one or more of the conditions in section 12.8, you may be able to withdraw your acceptance and your Accepted Alto Options in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

- (b) The relevant times for the purposes of section 12.6(a) are in relation to all conditions in section 12.8, the end of the Offer Period.
- (c) By completing, signing and returning the Option Acceptance Form, or otherwise accepting this Option Offer pursuant to section 12.4, you will be deemed to have:
- (i) accepted this Option Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Option Offer in section 12.8 being fulfilled or freed, agreed to transfer to Habrok, your Accepted Alto Options, subject to section 12.1(e) and section 12.1(f);
  - (ii) represented and warranted to Habrok, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Accepted Alto Options (including any Rights) to Habrok is registered, that all your Accepted Alto Options are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Option Offer and to sell and transfer the legal and beneficial ownership in your Accepted Alto Options (including any Rights) to Habrok, and that you have paid to Alto all amounts which at the time of acceptance have fallen due for payment to Alto in respect of your Accepted Alto Options;
  - (iii) irrevocably authorised Habrok (and any director, secretary, nominee or agent of Habrok) to alter the Option Acceptance Form on your behalf by inserting correct details relating to your Accepted Alto Options, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Habrok to make it an effective acceptance of this Option Offer or to enable registration of your Accepted Alto Options in the name of Habrok;
  - (iv) irrevocably authorised and directed Alto to pay to Habrok, or to account to Habrok for, all Rights in respect of your Accepted Alto Options, subject, if this Option Offer is withdrawn, to Habrok accounting to you for any such Rights received by Habrok;
  - (v) irrevocably authorised Habrok to notify Alto on your behalf that your place of address for the purpose of serving notices upon you in respect of your Accepted Alto Options is the address specified by Habrok in the notification;
  - (vi) with effect from the time and date on which all conditions to this Option Offer in section 12.8 has been fulfilled or freed, to have irrevocably appointed Habrok (and any director, secretary or nominee of Habrok) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Accepted Alto Options, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Alto and to request Alto to register, in the name of Habrok or its nominee, your Accepted Alto Options, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
  - (vii) with effect from the date on which all the conditions to this Option Offer in section 12.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Alto or to

exercise or purport to exercise any of the powers and rights conferred on Habrok (and its directors, secretaries and nominees) in section 12.6(c)(v);

- (viii) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 12.6(c)(v), the attorney will be entitled to act in the interests of Habrok as the beneficial owner and intended registered holder of your Accepted Alto Options;
  - (ix) agreed to do all such acts, matters and things that Habrok may require to give effect to the matters the subject of this section 12.6(c)(including the execution of a written form of proxy to the same effect as this section 12.6(c) which complies in all respects with the requirements of the constitution of Alto) if requested by Habrok;
  - (x) represented and warranted to Habrok that, unless you have notified it in accordance with section 12.1(f), your Accepted Alto Options do not consist of separate parcels of Alto Options; and
  - (xi) agreed, subject to the conditions of this Share Offer in section 12.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Habrok may consider necessary or desirable to convey your Accepted Alto Options registered in your name and Rights to Habrok.
- (d) The undertakings and authorities referred to in section 12.6(c) will remain in force after you receive the consideration for your Accepted Alto Options and after Habrok becomes registered as the holder of your Accepted Alto Options.

## **12.7 Payment of consideration**

- (a) Subject to sections 12.4(b) and 12.7(b) and the Corporations Act, Habrok will provide the consideration due to you for your Accepted Alto Options on or before the earlier of:
- (i) one month after the date of your acceptance or, if the Option Offer is subject to a defeating condition when you accept the Option Offer, within one month after the Option Offer becomes unconditional; and
  - (ii) 21 days after the close of the Offer Period.
- (b) Where the Option Acceptance Form requires an additional document to be delivered with your Option Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Option Acceptance Form, Habrok will provide the consideration in accordance with section 12.7(a);
  - (ii) if that document is given after your Option Acceptance Form and before the end of the Offer Period while this Option Offer is subject to a defeating condition, Habrok will provide the consideration due to you on or before the earlier of one month after this Option Offer becomes unconditional and 21 days after the close of the Offer Period;
  - (iii) if that document is given after your Option Acceptance Form and before the end of the Offer Period while this Option Offer is not subject to a defeating condition, Habrok will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the close of the Offer Period; or

- (iv) if that document is given after the close of the Offer Period, and the Option Offer is not subject to a defeating condition, Habrok will provide the consideration within 21 days after that document is given.
- (c) If you accept this Option Offer, Habrok is entitled to all Rights in respect of your Accepted Alto Options. Habrok may require you to provide all documents necessary to vest title to those Rights in Habrok, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Habrok, or if you have received the benefit of those Rights, Habrok will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Habrok) of those Rights.
- (d) Payment of any cash amount to which you are entitled under the Option Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address shown either, at the discretion of Habrok, on your Option Acceptance Form or the Alto Register supplied by Alto from time to time. Payment will be deemed to have been made at the time the cheque is delivered by or on behalf of Habrok to the post for delivery.
- (e) Under no circumstances will interest be paid on the consideration to which you are entitled, regardless of any delay in providing the consideration or any extension of the Option Offer.
- (f) If any amount (the withholding amount) is required, under any Australian law or by any Governmental Agency, to be:
  - (i) withheld from any consideration otherwise payable to you under this Option Offer and paid to a Governmental Agency; or
  - (ii) retained by Habrok out of any consideration otherwise payable to you under this Option Offer,

the payment or retention by Habrok of the withholding amount (as applicable) will constitute full discharge of Habrok's obligation to pay the consideration to you to the extent of the withholding amount.

- (g) If at the time you accept the Option Offer any of the following:
  - (i) *Banking (Foreign) Exchange Regulations 1959* (Cth);
  - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
  - (iii) *Autonomous Sanctions Act 2011* (Cth); or
  - (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other government authority be obtained before you receive any consideration for your Accepted Alto Options, or would make it unlawful for Habrok to provide any consideration to you for your Accepted Alto Options, you will not be entitled to receive any consideration for your Accepted Alto Options until all requisite authorities, clearances or approvals have been received by Habrok.

- (h) The consideration you are paid will be reduced by the amount or value of any Rights attaching to your Alto Options, on or after the Announcement Date, which Habrok does not receive.

## 12.8 Condition of this Option Offer

Subject to section 12.9, this Option Offer and the contract resulting from the acceptance of this Option Offer (and each other Option Offer and each contract resulting from the acceptance thereof) is subject to Habrok having a relevant interest in at least 50.1% (by number) of Alto Shares (on a fully diluted basis).

:

## 12.9 Nature and benefits of conditions

The offer condition in section 12.8 is a condition subsequent. The non-fulfilment of the condition will have the consequences set out in section 12.10(b).

Subject to the Corporations Act, Habrok alone is entitled to the benefit of the conditions in section 12.8, or to rely on any non-fulfilment of any of them.

## 12.10 Freeing the Option Offer from the defeating condition

- (a) Habrok may free this Option Offer, and any contract resulting from its acceptance, from the condition in section 12.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Alto and to ASX declaring this Offer to be free from the condition, in accordance with section 650F of the Corporations Act. This notice may be given not less than seven (7) days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, the condition in section 12.8 has not been fulfilled and Habrok has not declared the Option Offer (or it has not become) free from the condition, all contracts resulting from the acceptance of the Option Offer will be automatically void.

## 12.11 Notice on status of conditions

The date for giving the notice on the status of the condition required by section 630(1) of the Corporations Act is [●] 2020 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

## 12.12 Withdrawal of this Option Offer

- (a) This Option Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Habrok will give notice of the withdrawal to ASX and to Alto and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Option Offer is withdrawn, the conditions in section 12.8 have been freed, all contracts arising from acceptance of the Option Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Option Offer is withdrawn, the Option Offer remains subject to one or more of the conditions in section 12.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 12.12 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or

- (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

### **12.13 Variation of this Option Offer**

Habrok may vary this Option Offer in accordance with the Corporations Act.

### **12.14 Stamp duty**

Habrok will pay any stamp duty payable on the Option Offer.

### **12.15 Governing laws**

This Option Offer and any contract that results from your acceptance of it are to be governed by the laws in force in New South Wales.



## 13. Definitions and interpretation

### 13.1 Definitions

In this Bidder's Statement, unless the context requires otherwise:

**Accepted Alto Options** means the number of your Alto Options in respect of which you have accepted the Option Offer;

**Accepted Alto Shares** means the number of your Alto Shares in respect of which you have accepted the Share Offer;

**Adaman Resources** means Adaman Resources Pty Ltd ACN 620 314 007;

**Alto** means Alto Metals Limited ACN 159 819 173;

**Alto Board** means the board of directors of Alto;

**Alto Directors** means the directors of Alto;

**Alto Group** means Alto and each of its Related Entities;

**Alto Option** means an option to subscribe for Alto Shares;

**Alto Optionholder** means a holder of Alto Options as at the Register Date;

**Alto Performance Shares** means a Performance Shares granted to select executives and senior employees pursuant to the terms and conditions set out in Alto's notice of meeting released to ASX on 18 April 2016;

**Alto Register** means each of the share register and option register;

**Alto Shareholder** means a person registered in the register of members of Alto as a holder of Alto Shares;

**Alto Shares** means fully paid ordinary shares issued in the capital of Alto;

**Alto Target's Statement** means the initial target's statement released by Alto in response to the Goldsea Offers, dated 20 April 2020;

**Announcement Date** means 22 May 2020;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires;

**ASX Listing Rules** means the official listing rules of ASX;

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement Pty Ltd ACN 008 504 532 which govern the electronic transfer, settlement and registration of securities in Australia through the Clearing House Electronic Subregister System;

**Bidder's Statement** means this document;

**Broker** means a person who is a share broker and a Participant in CHES;

**Business Day** means a day which is a business day within the meaning of ASX Listing Rules, and a date on which banks are open for general business in Sydney;

**CGT** means capital gains tax;

**CGT Withholding Tax** has the meaning given in section 9.3(c) of this Bidder's Statement;

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia;

**CHESS Holding** means a holding of Alto Shares on the CHESS Subregister of Alto;

**CHESS Subregister** has the meaning given in the ASX Settlement Operating Rules;

**CLSA** means CLSA Australia Pty Limited;

**Control** has the meaning given in section 50AA of the Corporations Act;

**Controlling Participant** has the meaning given in the ASX Settlement Operating Rules;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Declaration Form** means the Foreign Resident Capital Gains Withholding Declaration as described in section 9.3(c) of this Bidder's Statement;

**Ethele** means Ethele Pty Limited ACN 115 251 333 as trustee for the Raftery Family Trust;

**Goldsea** means Goldsea Australia Mining Pty Ltd ACN 637 464 601;

**Goldsea Offers** means the withdrawn Goldsea Option Offer and Goldsea Share Offer, first announced on 21 February 2020;

**Goldsea Option Offer** means the withdrawn takeover offer for options in Alto by Goldsea, first announced on 21 February 2020;

**Goldsea Share Offer** means the takeover offer for shares in Alto by Goldsea, first announced on 21 February 2020;

**GST** has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

**Habrok** means Habrok (Alto) Pty Limited ACN 640 780 589, a company incorporated in New South Wales, Australia;

**Habrok Group** means Habrok and its Related Entities;

**Habrok Mining** means Habrok Mining Pty Ltd ACN 632 753 989;

**Holder Identification Number** means the number used to identify an Alto Shareholder on the CHESS Subregister of Alto;

**Issuer Sponsored Holding** means a holding of Alto Shares on the Issuer Sponsored Subregister of Alto;

**Issuer Sponsored Subregister** has the meaning given in the ASX Settlement Operating Rules;

**Offer Period** means the period during which the Offers will remain open for acceptance;

**Option Acceptance Form** means the acceptance form in respect of the Option Offer enclosed with this Bidder's Statement;

**Option Offer** means the offer for Alto Options contained in section 12 of this Bidder's Statement;

**Participant** has the meaning given in the ASX Settlement Operating Rules;

**Register** means the register of shareholders and/or optionholders (as applicable) of Alto maintained by or on behalf of Alto in accordance with the Corporations Act;

**Register Date** means the date set by the Bidder under section 633(2) of the Corporations Act, being 7.00pm (Sydney time) on 15 July 2020;

**Related Entity** means:

- in respect of Habrok, an entity or person that:
  - Controls Habrok;
  - is under the Control of Habrok; or
  - is under the Control of another entity or person that also Controls Habrok; and
- in respect of Alto, an entity that is under the Control of Alto;

**Remagen Capital** means Remagen Capital Partners Pty Limited;

**Remagen Lend** means Remagen Lend IND Pty Ltd ACN 630 306 419 as trustee for the Remagen Lend IND Unit Trust (established by a deed dated 29 November 2018);

**Rights** means all accretions, rights or benefits of whatever kind attaching or arising from Alto Shares or Alto Options directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Alto or any of its Related Entities);

**Share Acceptance Form** means the acceptance form in respect of the Share Offer enclosed with this Bidder's Statement;

**Share Offer** means the offer to acquire shares in Alto which will be made off-market by Habrok as described in this Bidder's Statement (and for the avoidance of doubt includes each offer made to an individual Alto Shareholder pursuant to such offer);

**Share Offer Price** means \$0.066 for each Alto Share;

**Shareholder Protections** has the meaning given in section 7.2 of this Bidder's Statement;

**Securityholder Reference Number** means the number allocated by Alto to identify an Alto Shareholder on the Issuer Sponsored Subregister of Alto;

**Target's Statement** means the statement given by Alto under Part 6.5 of the Corporations Act relating to the Offer;

**Trading Day** has the meaning given in the ASX Listing Rules;

**VWAP** means the volume-weighted average price;

**Windsong** means Windsong Valley Pty Ltd ACN 124 801 369 as trustee for the Wheeler Family Trust; and

**Windsong Loan Facility** means the loan facility provided under the facility agreement between Alto and Windsong.

## 13.2 Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- any reference, express or implied, to any legislation in any jurisdiction includes:
  - that legislation as amended, extended or applied by or under any other legislation made before or after the date of this Bidder's Statement;
  - any legislation which that legislation re-enacts with or without modification; and
  - any subordinate legislation made before or after the date of this Bidder's Statement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in the sub-paragraphs above, or under any legislation which it re-enacts as described in the sub-paragraphs above;
- references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- references to an individual or a natural person include his estate and personal representatives, successors or assigns;
- a reference to a section or annex is a reference to a section of or annex to this Bidder's Statement (and the annexes form part of this Bidder's Statement);
- a reference to any instrument or document includes any variation or replacement of it;
- a reference to you is to a person to whom the Offer is made or is taken to be made;
- unless otherwise indicated, a reference to any time is a reference to that time in Sydney, Australia;
- unless otherwise indicated, a reference to \$, A\$, dollars or cents is to Australian currency;
- singular words include the plural and vice versa;
- a word of any gender includes the corresponding words of any other gender;
- if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- a term that is defined in the Corporations Act and is not otherwise defined in this Bidder's Statement has the meaning given to it in the Corporations Act (and where any such term has a special meaning for the purposes of Chapter 6 or 6A of the Corporations Act has that special meaning);

- general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words; and
- the headings do not affect interpretation.

## 14. Approval of Bidder's Statement

This Bidder's Statement has been approved by resolution of directors of Habrok (Alto) Pty Limited.

Signed for and on behalf of Habrok (Alto) Pty Limited by:

Signature 

Name Russell Hall

Dated 10 July 2020

## Corporate directory

### **Habrok (Alto) Pty Limited**

7/17 Castlereagh Street  
Sydney NSW 2000

### **Financial adviser**

CLSA Australia Pty Limited  
Level 35, Grosvenor Place  
225 George Street  
Sydney NSW 2000

### **Legal adviser**

Allen & Overy

Level 25  
85 Castlereagh Street  
Sydney NSW 2000

Level 12  
2 The Esplanade  
Perth WA 6000

### **Share Registrar**

Boardroom  
Level 12, 225 George Street  
Sydney NSW 2000